

SK Networks Co., Ltd. and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2021 and 2020
with the independent auditor's report

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Independent auditor's report

The Shareholders and Board of Directors SK Networks Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of SK Networks Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income(loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as of December 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("KIFRS").

Basis for opinion

We conducted our audits in accordance with Korean Auditing Standards ("KGAAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements, that are relevant to our audits of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

(1) Impairment of assets in the hotel business due to COVID-19

There exists significant uncertainty in estimating the termination of COVID-19 and the impact therefrom on the Group as described in Note 3 (8) to the consolidated financial statements. As a result of reviewing the overall impact on the Group's consolidated financial statements, it is determined that there is a significant risk of asset impairment of the hotel business. In fact, the hotel division recorded an operating loss of ₩31,016 million due to hotel closures and social distancing during 2021. Property, plant and equipment and right-of-use assets for the hotel business are ₩766,576 million, accounting for a significant portion in the consolidated financial statements, as of December 31, 2021. Furthermore, there are management's significant judgement involved and uncertainty in the future cash flows and key assumptions (future business plans, discount rates, etc.) in estimating the recoverable value for each cash generating unit. Therefore, we identified impairment testing of the hotel business due to COVID-19 as a key audit matter.

The main audit procedures we performed in this regard are:

- Understanding of the internal process related to the Group's impairment testing and evaluating for the effectiveness of the design and operation of the internal control system
- Independent review of the Group's identification of cash-generating units and reviews of indication of impairment
- Evaluation of the competence, experience and expertise of external evaluation experts involved by the Group and confirmation of their objectivity and independence
- Comparative review of the financial forecasts used in the impairment testing and the business plan approved by the management
- Review of the adequacy of the discount rate used by the management in calculating the value in use of the cash-generating unit and the assumptions and methodology used in the estimation by involving internal evaluation experts

(2) Presentation and disclosure of related party transactions and fair value evaluation of unlisted stocks

Transactions with related parties and receivables and debts account for a significant proportion in the financial statements the Group, and the volume of transactions other than operating activities including investment transactions has gradually increased during the year ended December 31, 2021. In particular, the Group invests in overseas unlisted stocks and funds through subsidiaries, and these transactions are non-operating transactions through related parties, which does not compose the Group's daily operating activities. In this regard, significant judgments of management and uncertainties exist regarding the projected future cash flows and key assumptions. In addition, as there are many transactions with related parties, there is a possibility of errors in properly disclosing related party transactions and balances. Accordingly, we identified the presentation and disclosure of related party transactions and the fair value evaluation of unlisted stocks acquired for the year ended December 31, 2021 through related parties as key audit items.

The main audit procedures we performed in this regard are:

- Confirming the completeness of related party transaction details by reviewing documents such as general meeting of shareholders and BOD minutes, electronic disclosure details, and tax return data
- Evaluating the effectiveness of the company's process understanding, design, and operation established for transactions with related parties and disclosure of balances
- Conducting external inquiry and communication with sector auditors on significant related party transactions
- Identifying non-recurring transactions including investments and financial transactions other than normal business activities among significant transactions with related parties during the reporting period and proving the occurrence of such transactions
- In relation to the fair value evaluation of unlisted stocks acquired through related parties, evaluating the competence, experience and professionalism of the company's external evaluation experts and verifying objectivity and independence of such experts
- Reviewing the adequacy of evaluation method involving internal evaluation experts and assumptions used therein

(3) Impairment assessment of goodwill and intangible assets with indefinite useful life

As described in Notes 12 and 13, the goodwill and brand-related intangible asset recognized by the Group are ₩ 444,067 million and ₩ 210,119 million. The Group assesses goodwill and intangible assets with indefinite useful life acquired by business combinations for impairment by comparing the recoverable amounts and carrying amounts on a yearly basis regardless of indication of impairment. The management assesses the recoverable amount by using the value-in-use model. As described in Note 2 (14), the determination of the value in use of cash generating unit requires the use of future cash flow forecast and discount rate and growth rate in which uncertainties exist and management's significant judgment is involved. Accordingly, the impairment testing of the Group's goodwill and intangible assets with indefinite useful life is identified as a key audit matter.

The main audit procedures we performed in this regard are:

- Review of the accounting policies for impairment review of goodwill and intangible asset with indefinite useful life
- Evaluation of the competence, experience and expertise of external evaluation experts involved by the Group and confirmation of their objectivity and independence
- Review for the adequacy of evaluation method and assumptions used by involving internal evaluation experts
- Comparative review of the financial forecasts used in the fair value measurement and the business plan approved by the management

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KGAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KGAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Baekun Cho.

Ernst & Young Han Young

March 11, 2022

This audit report is effective as of March 11, 2022, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

SK Networks Co., Ltd. and its subsidiaries

Consolidated financial statements
for the years ended December 31, 2021 and 2020

“The accompanying consolidated financial statements, including all footnotes and disclosures,
have been prepared by, and are the responsibility of, the Group.”

Sang-Kyu Park
Chief Executive Officers
SK Networks Co., Ltd.

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2021 and 2020

(Korean won in millions)

	Notes	2021	2020
Assets			
Current assets:			
Cash and cash equivalents	5	₩ 1,372,990	₩ 861,330
Short-term financial instruments	5, 32	4,566	4,515
Trade receivables, net	5, 6, 28, 32	778,694	756,127
Current derivative financial assets	5, 19, 32	11,129	1,246
Current portion of finance lease receivables	5, 6, 15, 32	140,720	83,163
Current other financial assets, net	5, 6, 28, 32	61,057	54,665
Other current assets	7	137,158	157,365
Inventories, net	8	433,605	562,470
Non-current assets held for sale	29, 30	107,236	157,797
Total current assets		3,047,155	2,638,678
Non-current assets:			
Long-term financial instruments	5	204	451
Long-term trade receivables, net	5, 6, 32	4,224	13,965
Long-term investment securities	5, 9, 32	251,619	131,504
Investments in associates and joint ventures	10	19,818	19,283
Non-current derivative financial assets	5, 19, 32	192	-
Finance lease receivables	5, 6, 15, 32	381,216	247,294
Other non-current financial assets	5, 6, 28, 32	59,791	58,513
Property, plant and equipment, net	11, 23	3,314,473	3,088,121
Goodwill and intangible assets, net	12, 13	780,059	771,718
Investment properties, net	14	119,733	256,265
Right-of-use assets	15	1,311,127	1,355,033
Deferred tax assets	26	60,889	102,995
Other non-current assets	16, 20	60,416	89,662
Total non-current assets		6,363,761	6,134,804
Total assets		₩ 9,410,916	₩ 8,773,482

(Continued)

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of December 31, 2021 and 2020 (cont'd)

(Korean won in millions)

	Notes	2021	2020
Liabilities			
Current liabilities:			
Trade payables	5, 28, 32	₩ 1,118,978	₩ 898,500
Short-term borrowings	5, 17, 31, 32	935,363	951,202
Current portion of long-term liabilities	5, 17, 31, 32	814,228	786,338
Current derivative financial liabilities	5, 19, 32	2,537	30,368
Current portion of lease liabilities	5, 15, 31, 32	550,068	554,206
Other current financial liabilities	5, 28, 32	262,674	275,226
Current tax liabilities	26	26,610	47,413
Current provisions	21	7,772	8,310
Other current liabilities	18	145,659	139,243
Liabilities directly associated with assets classified as held for sale	29, 30	33,676	32,493
Total current liabilities		<u>3,897,565</u>	<u>3,723,299</u>
Non-current liabilities:			
Long-term trade payables	5, 32	-	712
Borrowings and bonds	5, 17, 28, 31, 32	1,940,197	1,580,939
Non-current derivative financial liabilities	5, 19, 32	236	1,556
Lease liabilities	5, 15, 31, 32	816,357	865,808
Other non-current financial liabilities	5, 28, 32	243,906	209,153
Deferred tax liabilities	26	70,906	71,279
Net defined benefit liabilities	20	40,818	55,416
Non-current provisions	21	5,494	1,767
Other non-current liabilities	20, 22	6,442	18,303
Total non-current liabilities		<u>3,124,356</u>	<u>2,804,933</u>
Total liabilities		<u>7,021,921</u>	<u>6,528,232</u>
Equity			
Equity attributable to owners			
of the parent:			
Capital stock	24	648,654	648,654
Capital surplus	24	741,332	748,880
Retained earnings	24	897,345	819,035
Other components of equity	24	(88,834)	(158,397)
		<u>2,198,497</u>	<u>2,058,172</u>
Non-controlling interests		190,498	187,078
Total equity		<u>2,388,995</u>	<u>2,245,250</u>
Total liabilities and equity		<u>₩ 9,410,916</u>	<u>₩ 8,773,482</u>

The accompanying notes are an integral part of the consolidated financial statements.

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive loss
for the years ended December 31, 2021 and 2020

(Korean won in millions, except for earnings (loss) per share)

	Notes	2021	2020
Sales	25, 28	₩ 11,018,140	₩ 10,625,906
Cost of sales	8, 25, 28	9,881,932	9,547,514
Gross profit		1,136,208	1,078,392
Selling and administrative expenses	20, 25, 28	1,014,230	954,443
Operating profit		121,978	123,949
Finance income	5, 19, 25	187,450	201,387
Finance costs	5, 19, 25	267,234	309,541
Other non-operating income	5, 25	102,729	135,292
Other non-operating expenses	5, 25	37,781	43,114
Loss on investments in associates and joint ventures, net	10	(9)	(644)
Profit before income tax from continuing operations		107,133	107,329
Income tax expense from continuing operations	26	45,695	85,475
Profit from continuing operations		61,438	21,854
Profit for the year			
from discontinued operations	29	42,102	20,199
Profit for the year		₩ 103,540	₩ 42,053
Attributable to:			
Owners of the parent		98,672	34,495
Non-controlling interests		4,868	7,558
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Reassessment of net defined benefit liabilities	20	3,385	257
Gain on valuation of financial assets at fair value through OCI	5, 9	44,817	11,283
Gain on translation of foreign operations		390	14
		48,592	11,554
Items that may be reclassified to profit or loss in subsequent periods:			
Equity adjustments in equity method	10	892	(355)
Gain (loss) on valuation of derivative financial instruments	5, 19	1,943	(148)
Gain on translation of foreign operations		23,914	10,740
		26,749	10,237
Other comprehensive income (loss), net of tax		75,341	21,791
Total comprehensive income		₩ 178,881	₩ 63,844
Attributable to:			
Owners of the parent		173,490	56,874
Non-controlling interests		5,391	6,970
		₩ 178,881	₩ 63,844
Earnings (loss) per share:	27		
Basic earnings per share			
attributable to ordinary share		₩ 451	₩ 153
Basic earnings from continuing operations per share attributable to ordinary share		254	59

The accompanying notes are an integral part of the consolidated financial statements.

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity
for the years ended December 31, 2021 and 2020
(Korean won in millions, except for earnings (loss) per share)

	Capital stock	Capital surplus	Retained earnings	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As of January 1, 2020	₩ 648,654	₩ 805,908	₩ 812,667	₩ (103,849)	₩ 2,163,380	₩ 141,873	₩ 2,305,253
Total comprehensive income (loss)							
Profit for the year	-	-	34,495	-	34,495	7,558	42,053
Remeasurement of net defined benefit liabilities	-	-	789	-	789	(532)	257
Gain on valuation of financial assets at fair value through OCI	-	-	(35)	11,318	11,283	-	11,283
Equity adjustments in equity method	-	-	-	(355)	(355)	-	(355)
Loss on valuation of derivative financial instruments	-	-	-	(78)	(78)	(70)	(148)
Gain (loss) on translation of foreign operations	-	-	-	10,740	10,740	14	10,754
Total comprehensive income (loss) for the year	-	-	35,249	21,625	56,874	6,970	63,844
Transactions with owners of the Parent, recognized directly to equity:							
Dividends	-	-	(28,881)	-	(28,881)	-	(28,881)
Acquisition of treasury stocks	-	-	-	-	-	-	-
Equity transactions between consolidated entities	-	(56,451)	-	1,372	(55,079)	36,523	(18,556)
Stock compensation costs	-	-	-	138	138	-	138
Business combination under common control	-	(577)	-	-	(577)	-	(577)
Changes in scope of consolidation	-	-	-	35,656	35,656	760	36,416
Others	-	-	-	1,707	1,707	952	2,659
Total transactions with owners of the Parent	-	(57,028)	(28,881)	(76,173)	(162,082)	38,235	(123,847)
As of December 31, 2020	₩ 648,654	₩ 748,880	₩ 819,035	₩ (158,397)	₩ 2,058,172	₩ 187,078	₩ 2,245,250
As of January 1, 2021	₩ 648,654	₩ 748,880	₩ 819,035	₩ (158,397)	₩ 2,058,172	₩ 187,078	₩ 2,245,250
Total comprehensive income (loss)							
Profit for the year	-	-	98,672	-	98,672	4,868	103,540
Remeasurement of net defined benefit liabilities	-	-	3,354	-	3,354	31	3,385
Gain on valuation of financial assets at fair value through OCI	-	-	2,845	41,971	44,816	1	44,817
Equity adjustments in equity method	-	-	-	892	892	-	892
Gain on valuation of derivative financial instruments	-	-	-	1,842	1,842	101	1,943
Gain (loss) on translation of foreign operations	-	-	-	23,914	23,914	390	24,304
Total comprehensive income (loss) for the year	-	-	104,871	68,619	173,490	5,391	178,881
Transactions with owners of the Parent, recognized directly to equity:							
Dividends	-	-	(26,237)	-	(26,237)	-	(26,237)
Equity transactions between consolidated entities	-	(7,548)	-	-	(7,548)	(2,052)	(9,600)
Stock compensation costs	-	-	-	944	944	-	944
Others	-	-	(324)	-	(324)	81	(243)
Total transactions with owners of the Parent	-	(7,548)	(26,561)	944	(33,165)	(1,971)	(35,136)
As of December 31, 2021	₩ 648,654	₩ 741,332	₩ 897,345	₩ (88,834)	₩ 2,198,497	₩ 190,498	₩ 2,388,995

The accompanying notes are an integral part of the consolidated financial statements.

SK Networks Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2021 and 2020
(Korean won in millions)

	Notes	2021	2020
Operating activities:			
Profit for the year		₩ 103,540	₩ 42,053
Non-cash adjustments to reconcile profit (loss) for the year to net cash flows provided by operating activities	31	932,818	944,830
Changes in operating assets and liabilities	31	(437,899)	(969,922)
Interest received		37,146	10,535
Interest paid		(114,526)	(122,865)
Dividends received		1,106	66
Income taxes paid		(60,724)	(54,548)
Net cash flows provided by (used in) operating activities		₩ 461,461	₩ (149,851)
Investing activities:			
Decrease (increase) in short-term financial instruments, net		(4,644)	4,391
Increase in long-term financial instruments, net		271	(96)
Increase in derivative financial assets, net		(26,909)	(8,188)
Decrease (increase) in short-term loans, net		(1,622)	16,002
Decrease in long-term loans, net		713	676
Proceeds from disposal of long-term investment securities		23,506	6,336
Acquisition of long-term investment securities		(81,009)	(43,118)
Proceeds from disposal of investments in associates and joint ventures		353	-
Proceeds from disposal of property, plant and equipment		43,232	30,735
Acquisition of property, plant and equipment		(228,771)	(211,053)
Proceeds from disposal of intangible assets		1,894	1,324
Acquisition of intangible assets		(9,306)	(16,182)
Proceeds from disposal of investment properties		140,058	229
Decrease (increase) in gurantee deposits		(1,585)	12,460
Proceed from disposal of Non-current assets classified as held for sale		117,202	-
Business division transferred out		-	1,271,467
Business division transferred in		-	(4,073)
Decrease in cash due to changes in scope of consolidation		370	311,526
Cash flows from other investing activities		66,264	15,488
Net cash flows provided by investing activities		₩ 40,017	₩ 1,387,924
Financing activities:			
Increase (decrease) in short-term borrowings, net		₩ (27,719)	₩ 689
Repayment of current portion of long-term borrowings and bonds		(790,336)	(832,863)
Increase in long-term borrowings		180,153	289,987
Issuance of bonds		995,814	119,469
Dividends paid		(26,237)	(28,881)
Cash outflow from equity transaction in consolidated entities		(9,600)	(115,046)
Decrease in lease liabilities		(318,675)	(307,575)
Cash flows from other financing activities		(56)	3,416
Net cash flows provided by (used in) financing activities		₩ 3,344	₩ (870,804)
Net increase in cash and cash equivalents		504,822	367,269
Cash and cash equivalents at the beginning of the year		861,330	496,862
Effects of exchange rate changes on cash and cash equivalents		6,838	(2,801)
Cash and cash equivalents at the end of the year		₩ 1,372,990	₩ 861,330

The accompanying notes are an integral part of the consolidated financial statements.

SK Networks Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2021 and 2020

1. Corporate information

SK Networks Co., Ltd. (the “Company” or the “Parent company”), in accordance with KIFRS 1110 *Consolidated Financial Statements*, was established on March 24, 1956 under the Commercial Code of the Republic of Korea to engage in the manufacture and sale of synthetic textiles. The Company, originally Sunkyong Textile Co., Ltd, changed its name several times, most recently to SK Networks Co., Ltd. The Company is also engaged in the business of general trading, information and telecommunications, rental services business and energy sales.

The Company was designated as a general trading company on November 22, 1976, and its shares were listed on the Korean Stock Exchange on June 30, 1977. The Company merged SK Distribution Co., Ltd. and SK Energy Sales Co., Ltd. on December 31, 1999 and July 31, 2000, respectively.

As of December 31, 2021, the Company has its headquarters in Suwon, Gyeonggi Province and has several overseas subsidiaries and branches in China and others.

As of December 31, 2021, the Group's capital stock is ₩ 648,654 million. The major shareholders of the Company are SK Holdings Co., Ltd. (39.14%), National Pension Service (6.64%), and other shareholders.

Consolidated subsidiaries as of December 31, 2021 are as follows:

Subsidiary name	Location	Principal business activity	Settlement date	The largest shareholder	Equity ownership (%)
SK Networks Service Co., Ltd.	Korea	Communications equipment	December 31	SK Networks Co., Ltd.	86.50
SK Magic Co., Ltd.	Korea	Manufacturing, selling and rental services of electronic products	December 31	SK Networks Co., Ltd.	100.00
SK RentA Car Co.,Ltd.	Korea	Vehicle rental business	December 31	SK Networks Co., Ltd.	72.95
MINTIT Co., Ltd. (*1)	Korea	Manufacturing and sales	December 31	SK Networks Co., Ltd.	100.00
SKN (China) Holdings Co., Ltd. (*2)	China	Holding Group	December 31	SK Networks Co., Ltd.	100.00
POSK (Pinghu) Steel Processing Center Co., Ltd.	China	Steel production	December 31	SK Networks Co., Ltd.	80.00
SK Networks (Shanghai) Co., Ltd.	China	Trading	December 31	SK Networks Co., Ltd.	100.00
SK Networks Hong Kong Ltd.	Hongkong	Trading	December 31	SK Networks Co., Ltd.	100.00
SK Networks Japan Co., Ltd.	Japan	Trading	December 31	SK Networks Co., Ltd.	100.00
SK Networks Deutschland GmbH	Germany	Trading	December 31	SK Networks Co., Ltd.	100.00
SK Networks Resources Australia (Wyong) Pty Ltd. (*2)	Australia	Overseas resources development	December 31	SK Networks Co., Ltd.	100.00
SK Networks Resources Pty. Ltd. (*2)	Australia	Overseas resources development	December 31	SK Networks Co., Ltd.	100.00
SK Networks Trading Malaysia Sdn. Bhd.	Malaysia	Trading	December 31	SK Networks Co., Ltd.	100.00
SK BRASIL LTDA	Brazil	Trading	December 31	SK Networks Co., Ltd.	56.00
SK Networks America Inc.	America	Trading	December 31	SK Networks Co., Ltd.	100.00
SK NETWORKS BRASIL INTERMEDIACAO DE NEGOCIOS LTDA.	Brazil	Trading	December 31	SK Networks Co., Ltd.	100.00
Networks Tejarat Pars	Iran	Trading	December 31	SK Networks Co., Ltd.	100.00
TenX Capital	America	Finance, investment	December 31	SK Networks Co., Ltd.	100.00

SK Networks Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2021 and 2020

1. Corporate information (cont'd)

Subsidiary name	Location	Principal business activity	Settlement date	The largest shareholder	Equity ownership (%)
CARTINI Co., Ltd. (*3)	Korea	E-commerce retail	December 31	SK Networks Co., Ltd.	100.00
SK Magic Service Co., Ltd.	Korea	Repairing services of electronic products	December 31	SK Magic Co., Ltd.	100.00
SK Networks Retail Malaysia Sdn. Bhd.	Malaysia	Selling and rental services of products	December 31	SK Magic Co., Ltd.	100.00
SK Magic Vietnam company limited	Vietnam	Selling and rental services of products	December 31	SK Magic Co., Ltd.	100.00
SK Rent-a-car Service Co., Ltd.	Korea	Business support services	December 31	SK Rent A Car Co.,Ltd	100.00
MINTIT VINA	Vietnam	Product sales and rental	December 31	MINTIT Co., Ltd.	100.00
SK Networks Dandong Energy Co., Ltd. (*2)	China	Wholesale and retail of petroleum	December 31	SKN (China) Holdings. Co., Ltd.	100.00
Shenyang SK Bus Terminal Co., Ltd. (*2)	China	Transportation	December 31	SKN (China) Holdings. Co., Ltd.	75.00
SK Networks (Xiamen) Steel Processing Center	China	Steel production	December 31	SK Networks. Hong Kong Ltd.	100.00

(*1) During the year ended December 31, 2021, the equity ratio increased due to the acquisition of residual shares.

(*2) The investment in subsidiaries are classified as non-current assets held for sale as the management decided to sell them prior to 2020.

(*3) It was newly established during the year ended December 31, 2021.

Details of subsidiaries which have been included or excluded in the consolidated financial statements for the year ended December 31, 2021 are as follows:

Description	Subsidiary	Details
Excluded	SK Networks Middle East FZE	Liquidation
Excluded	Shenyang SK Networks Energy Co., Ltd.	Disposal
Excluded	SK Networks Liaoning Logistics Co., Ltd.	Disposal
Excluded	SK (Guangzhou) Metal Co., Ltd.	Disposal
Included	CARTINI Co., Ltd.	Newly established

SK Networks Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2021 and 2020

1. Corporate information (cont'd)

Summarized financial information of consolidated subsidiaries (except for subsidiaries to be held for sale) as of and for the year ended December 31, 2021 is as follows (Korean won in millions):

Subsidiary	2021						Total comprehensive income (loss)
	Assets	Liabilities	Equity	Revenue	Net income (loss)		
SK Networks Service Co., Ltd.	₩ 159,758	₩ 72,375	₩ 87,383	₩ 429,451	₩ 5,440	₩ 6,393	
SK Magic Co., Ltd.	1,194,759	828,507	365,572	1,056,136	58,797	60,068	
SK Rent A Car Co., Ltd.	2,858,295	2,372,999	485,296	1,037,038	24,607	24,577	
MINTIT Co., Ltd.	92,519	49,901	42,618	157,509	1,006	1,006	
SKN (China) Holdings Co., Ltd.	128,602	8,848	119,754	-	(7,824)	3,797	
POSK (Pinghu) Steel Processing Center Co., Ltd.	31,279	17,575	13,704	45,031	(1,381)	121	
SK Networks (Shanghai) Co., Ltd.	26,015	200	25,815	37,133	(593)	2,117	
SK Networks Hong Kong Ltd.	41,388	5,150	36,238	246,105	(4,963)	(4,450)	
SK Networks Japan Co., Ltd.	5,053	450	4,603	-	(804)	(921)	
SK Networks Deutschland GmbH	5,041	3,341	1,700	13,070	(1,456)	(1,435)	
SK Networks Resources Australia (Wyong) Pty. Ltd.	27,186	11,320	15,866	26,595	2,562	2,259	
SK Networks Resources Pty Ltd.	3,131	668	2,463	-	83	(28)	
SK Networks America Inc.	6,254	586	5,668	3,454	(542)	(49)	
TenX Capital	40,272	487	39,758	789	(456)	1,933	
SK Magic Service Co., Ltd.	34,341	33,258	1,083	75,329	(195)	1,209	
SK Networks Retails Malaysia Sdn. Bhd.	52,687	13,508	39,179	22,289	(12,394)	(10,185)	
SK Rent A Car Service Co., Ltd.	10,350	5,502	4,848	26,159	982	1,022	
MINTIT VINA	2,717	15	2,702	3,627	(209)	164	

SK Networks Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2021 and 2020

1. Corporate information (cont'd)

Subsidiary	2020						Total comprehensive income (loss)
	Assets	Liabilities	Equity	Revenue	Net income (loss)		
SK Networks (Dandong) Energy Co., Ltd.	₩ 26,628	₩ 293	₩ 26,335	₩ -	₩ (638)	₩ 2,128	
Shenyang SK Bus Terminal Co., Ltd.	59,462	58,309	1,153	3,111	(3,974)	(3,620)	
SK Networks (Xiamen) Steel Processing Center Co., Ltd.	43,070	25,655	17,415	105,120	1,391	3,256	

2. Summary of significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The Company and its subsidiaries (collectively, the “Group”) prepares the consolidated financial statements in the Korean language in accordance with Korean International Financial Reporting Standards (“KIFRS”) enacted by the *Act on External Audit of Stock Companies*. The accompanying consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the consolidated financial statements or the independent auditor’s report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The significant accounting policies used for the preparation of the accompanying consolidated financial statements as of and for the year ended December 31, 2021, are the same as the accounting policies adopted for the preparation of the consolidated financial statements as of and for the year ended December 31, 2020, except for the adoption of new and revised standards applied in the current period, which are summarized below.

2.1 Basis of preparation of consolidated financial statements (cont’d)

The accompanying consolidated financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial instruments that are measured at fair values. Historical cost is based on the fair values of the consideration given.

The accompanying consolidated financial statements were approved at the Company’s Board of Directors held on February 10, 2022 to be submitted for final approval at the general shareholders’ meeting.

2.1.1 New and revised KIFRSs adopted in the current period

The Group has applied amendments to KIFRS issued that are mandatorily effective for accounting periods beginning on or after January 1, 2021.

Amendments to KIFRS 1109 Financial Instruments, KIFRS 1039 Financial Instruments: Recognition and Measurement, KIFRS 1107 Financial Instruments: Disclosures, KIFRS 1104 Insurance Contracts and KIFRS 1116 Leases

The amendments provide exception not to recognize gains or losses on remeasurement of financial instruments when the replacement of interest rate benchmark for financial instruments measured at amortized cost meets certain requirements that do not change their economic substance. It also includes exceptions to hedge accounting when certain conditions are met if replacements to interest rate benchmark occur in the hedging relationship. The amendments do not have material impact on the Group’s consolidated financial position or management performance.

2.1.2. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

Amendments to KIFRS 1001: Presentation of Financial Statements (Amended)

The amendments affect only the presentation of liabilities in the statement of financial position and clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments explain that the right exists if the borrowing arrangement is complied with at the end of the reporting period and clarify that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The Group plans to apply the standard for annual reporting period beginning on or after January 1, 2023, with early application permitted.

Amendments to KIFRS 1001: Presentation of Financial Statements (Amended)

The amendments require disclosure of material accounting policy information instead of a significant accounting policy and explains the meaning of material accounting policy information. The Group plans to apply the standard for annual reporting period beginning on or after January 1, 2023, with early application permitted.

Amendments to KIFRS 1008: Accounting Policies, Changes in Accounting Estimates and Errors (Amended)

The amendments define the accounting estimate under IFRS 1008 as the currency amounts in financial statements affected by measurement uncertainty and clarified how to distinguish it from changes in accounting policy. The Group plans to apply the standard for annual reporting period beginning on or after January 1, 2023, with early application permitted.

Amendments to KIFRS 1012: Income Taxes (Amended)

The amendments add a requirement to the exception to the initial recognition of transactions in which assets or liabilities are first recognized, prescribing that the transaction to be excluded does not incur any temporary difference to be added and to be deducted equivalently at the time of transaction. The Group plans to apply the standard for annual reporting period beginning on or after January 1, 2023, with early application permitted.

Amendments to KIFRS 1037: Provisions, Contingent Liabilities and Contingent Assets

The amendments clarify that the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. The Group plans to apply the standard for annual reporting period beginning on or after January 1, 2022, with early application permitted.

Amendments to KIFRS 1016: Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2.1.2. Standards issued but not yet effective (cont'd)

Amendments to KIFRS 1103: Business combinations (Amended)

The amendments update KIFRS 1103 so that the definition of assets and liabilities to be recognized in a business combinations is referred to the 2018 Conceptual Framework and add an exception that, for transactions and other events within the scope of KIFRS 1037, 'Provisions, Contingent Liabilities and Contingent Assets' or KIFRS 2121, 'Levies', an acquirer applies KIFRS 1037 or KIFRS 2121 and clarify that contingent assets are not recognized on the acquisition date. The Group plans to apply the standard for annual reporting period beginning on or after January 1, 2022, with early application permitted.

Amendments to KIFRS 1116: Leases (Amended)

The application of the practical expedient, in which a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the Covid-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. The amendment should be applied for annual periods beginning on or after April 1, 2021, and earlier application is permitted

Annual Improvements to KIFRS 2018-2020

The annual improvements include some amendments to KIFRS 1101 'First-time Adoption of KIFRS', KIFRS 1109 'Financial Instruments', KIFRS 1116 'Leases' and KIFRS 1041 'Agriculture'. The amendments to KIFRS 1116 are relevant only to the illustrative examples and thus the effective date for the amendment was not specified. The Group plans to apply the other amendments for annual reporting period beginning on or after January 1, 2022, with early application permitted.

The Group is reviewing the possible effects of the above listed amendments on the consolidated financial statements.

2.2 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Group, other voting rights holders of other parties
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stockholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of OCI are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup transactions and related assets and liabilities, income and expenses are eliminated in full on consolidation.

2.2 Principles of consolidation (cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in OCI and accumulated in equity, the amounts previously recognized in OCI and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings).

2.3 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.4 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

2.4 Current versus non-current classification (cont'd)

The Group classified all other assets as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- To be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Financial assets

2.5.1 Classification

The Group classify financial assets in the following measurement categories:

- those to be at fair value through profit or loss
- those to be at fair value through other comprehensive income, and
- those to be at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2.5.2 Measurement

The Group measures the financial asset at fair value at initial recognition, and if it is not financial assets at fair value through profit or loss, the transaction costs directly related to the acquisition of the financial asset shall be added to the fair value. The transaction costs of financial assets at fair value through profit or loss are recognized as expenses in profit or loss.

A hybrid contract that includes an embedded derivative takes into account the entire hybrid contract when determining whether the contractual cash flows consists of solely principal and interests.

(1) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

1) Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

2.5.2 Measurement (cont'd)

2) Financial assets measured at FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or costs' and impairment losses are presented in 'finance costs'.

3) Financial assets measured at FVTPL

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive income within 'finance income or costs in the year in which it arises.

(2) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'other non-operating income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'finance income and expenses' in the consolidated statement of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.5.3 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

2.5.4 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

2.6 Financial liabilities and equity instruments

2.6.1 Classification as debt or equity

Debt instruments and equity instruments are classified as financial liabilities or equity depending on the nature of the contract and the definition of financial liabilities and equity instruments.

2.6.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized as the proceeds are received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.6.3 Hybrid financial instruments

The Group classifies derivative financial instruments (such as convertible bonds) into financial liabilities and equity according to the definition of real and financial liabilities and equity instruments of the contract. Conversion options to be settled through the exchange of financial assets such as fixed amount of fixed amount of self-owned equity instruments are equity instruments.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

2.6.4 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

2.6.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

2.6.4.1 Financial liabilities at FVTPL (cont'd)

- It forms part of a contract containing one or more embedded derivatives, and KIFRS 1109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

2.6.4.2 Financial liabilities measured at amortized cost

Financial liabilities that are not (a) contingent consideration of an acquirer in a business combination, (b) held-for-trading, or (c) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

2.6.5 Financial guarantee liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of debt instruments.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with KIFRS 1109 (see financial assets above) and
- The amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out above.

2.6.6 Derecognition of financial liabilities

Financial liabilities are removed from the consolidated statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.8 Derivative instruments and hedge accounting

In order to manage interest rate risk and foreign currency risk, the Group has entered into a number of derivative contracts including currency forward, interest rate swaps and currency swaps. Derivatives are measured at fair value at the date of initial recognition and are subsequently remeasured to fair value at the end of each reporting period. Gains and losses arising from changes in the fair value of derivatives are recognized immediately in profit or loss unless the derivative is designated as a hedging instrument and is not effective at hedging. If the derivative is designated as a hedging instrument and effective for hedging, the timing of recognition of the hedging instrument is dependent on the nature of the hedging relationship.

2.8.1 Hedge accounting

The Group designates non-derivative financial instruments as a hedging instrument for hedges of fair value hedge, cash flow hedge or hedge of net investment in foreign operations when derivative instruments, embedded derivatives or hedged risks are foreign currency risks. Foreign currency risk hedges of firm commitments are accounted for as cash flow hedges.

At the inception of the hedge, the Group documents the relationship between risk management objectives, hedging strategies, hedging instruments and hedged items. The Group also documents whether the hedging instrument is highly effective in offsetting the fair value or cash flow variability of the hedged item due to the hedged risk in the beginning and subsequent periods of the hedge.

2.8.2 Fair value hedge

The Group recognizes the changes in the fair value of derivatives that are designated as hedging instruments and meet the application of fair value hedge accounting as soon as it is recognized in profit or loss and the fair value change of hedged item. Changes in the fair value of the hedging instrument and changes in the fair value of the hedged item attributable to the hedged risk are recognized in the line items related to hedged items in the consolidated statement of comprehensive income.

Fair value hedge accounting is discontinued when the Group reverses the designation of a hedging relationship, when the hedging instrument expires, is sold, terminated or exercised or when it no longer meets the requirements for fair value hedge accounting. The carrying amount of the hedged item attributable to the hedged risk is amortized to profit or loss as of the date the hedge accounting is discontinued.

2.8.3 Cash flow hedging

The effective portion of changes in the fair value of derivatives that are designated as hedging instruments and meet the requirements for cash flow hedge accounting is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Gains and losses related to the ineffective portion of the hedge are recognized in profit or loss and are recognized in the consolidated statement of comprehensive income.

Cash flow hedge accounting is discontinued if the Group reverses the designation of a hedging relationship, if the hedging instrument expires, is sold, terminated or exercised or if it no longer meets the requirements for cash flow hedge accounting. Gains or losses on valuation of equity instruments that are recognized in other comprehensive income at the time of termination of cash flow hedge accounting are recognized in equity and reclassified to profit or loss if the transaction is ultimately recognized in profit or loss. However, if the anticipated transaction is no longer expected to occur, the cumulative gain or loss previously recognized in equity is reclassified to profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and short-term highly liquid investments with an original maturity of three months or less.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. The Group estimates inventories at the acquisition cost determined by the gross average method (except for some products in the global segment and non-current items in the individual business). The costs of products and work in progress are composed of raw materials, direct labor and other direct costs and manufacturing overhead. Its possible.

When the entity enters into a hedging contract that meets the cash flow hedge requirements related to the purchase of raw materials, the gain or loss recognized in equity is included in the cost of the asset. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

The Group reviews the future demand for products that are likely to cause significant changes in the provision for inventory valuation periodically. When excesses, obsolescence and market value decline, the Group recognizes provision for valuation of inventories.

2.11 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include costs directly related to the purchase price and the location and condition necessary to operate the asset in the manner the Group intend.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset only when it is probable that the future economic benefits of the asset will flow to the Group and the cost of the asset can be reliably measured. If the asset is recognized as an asset, the carrying amount is reversed and repair and maintenance costs are recognized as expense in the period in which it is incurred.

Property, plant and equipment, except for land, is depreciated using the straight-line method over the estimated useful lives of the following assets, net of their residual value.

	<u>Useful life (years)</u>
Buildings	20-40
Structures	20-40
Storage tanks	20-40
Machinery and equipment	3-40
Vehicles	4-10
Rental property	3-5
Furniture and fixture	4
Other property, plant and equipment	3-10

The depreciation method, residual value and useful lives of the tangible assets are reviewed at the end of each reporting period, and changes in accounting estimates are accounted for as changes in accounting estimates.

When the tangible assets are disposed of or the future economic benefits from the use or disposal are not expected, the carrying amount of the tangible assets is removed from the consolidated statement of financial position. Gains or losses on disposal of property, plant and equipment are determined by the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is disposed of.

2.13 Intangible assets

Intangible assets that are acquired individually are stated at cost, and intangible assets acquired as a business combination are recorded at their fair value at the date of acquisition. Accumulated depreciation and accumulated impairment losses are recognized directly. Intangible assets, except for development costs, are recognized in profit or loss as expense items when incurred.

Intangible assets are classified into intangible assets with finite useful lives and intangible assets with indefinite useful lives. Intangible assets with finite useful lives, such as development costs, industrial property rights and other intangible assets, if the amortization and indications of the damage are identified, the Group reviews the possibility of impairment. In addition, the useful life and amortization method are reviewed at the end of each reporting period. If changes in the expected useful life or changes in the consumption pattern of economic benefits are required, the changes are accounted for as changes in estimates. Amortization of intangible assets is recognized in profit or loss as an expense item consistent with the function of the intangible asset.

Intangible assets are amortized using the straight-line method over the following estimated useful lives:

	<u>Useful life (years)</u>
Development costs (including software)	5
Industrial property rights	5-10
Other intangible assets	4-14

2.13 Intangible assets (cont'd)

Intangible assets with indefinite useful lives, such as membership rights, are not amortized but are tested annually, either individually or as part of a cash-generating unit. In addition, the Group reviews whether it is appropriate to apply the indefinite useful lives to the intangible assets each year and, if not, changes the intangible assets to finite useful lives.

Gains and losses arising from the elimination of intangible assets are included in profit or loss at the time of disposal.

2.14 Goodwill

Goodwill arising on a business combination is recognized at the acquisition date (acquisition date) less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to our cash-generating unit (or cash-generating unit Group) where the Group expect synergies resulting from the business combination.

For each cash-generating unit to which goodwill has been allocated, the Group carry out impairment checks annually and whenever there are signs of impairment. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is first reduced to the carrying amount of the goodwill allocated to the cash-generating unit and the residual impairment is allocated to the cash-generating unit in proportion to the carrying amount of the other assets. Impairment of goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill cannot be reversed in the future.

2.15 Impairment of intangible assets other than goodwill

Intangible assets, except for goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired and, if there is any indication that the asset may be impaired, the recoverable amount of the asset is estimated. There is. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

Intangible assets with indefinite useful lives or intangible assets that are not yet available for use are tested for impairment annually irrespective of the indication of impairment. The recoverable amount is measured at the greater of the asset's or cash-generating unit's fair value less costs to sell and its value in use. If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the amount is reduced to recoverable amount and the amount is recognized in profit or loss.

On the other hand, if the impairment loss recognized in prior periods is reversed, the carrying amount of the individual asset (or cash-generating unit) is determined as the lower of the recoverable amount and the carrying amount that is currently recorded, and the reversal of impairment loss is recognized immediately in profit or loss.

2.16 Investment property

Real estate held to obtain rental income or capital gains is classified as investment property. Investment property is measured initially at cost including transaction costs incurred. Acquisition cost is recorded as the carrying amount less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of the asset or, where appropriate, as a separate asset only when it is probable that future economic benefits arising from the asset will flow to the entity. The carrying amount of the replaced portion is eliminated. Costs incurred in connection with ordinary repair and maintenance are recognized in profit or loss as incurred.

Depreciation is computed using the straight-line method over 20 to 40 years, depending on the economic useful lives.

The depreciation method, residual value and useful life of investment property are reviewed at the end of each reporting period and, if it is deemed appropriate to change them, they are accounted for as changes in accounting estimates.

2.17 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease considering if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.17.1 Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes a lease liability representing the obligation for lease payments and a right-of-use asset representing the right to use the underlying assets.

➤ Right-of-use assets

The Group recognizes a right-of-use asset at the commencement date (i.e. when the underlying asset is available). Right-of-use assets are measured at cost, and the cost model is applied at subsequent measurement. To apply the cost model, the accumulated depreciation and accumulated impairment losses are deducted and reflected the adjustments following the remeasurement of lease liabilities. The cost of right-of-use assets include the recognized lease liabilities, the initial direct costs and the lease payments deducted any lease incentives when commencement date or the before. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets are as follows:

Description	Useful lives (years)	Description	Useful lives (years)
Real Estate	20 – 40	Vehicles	3 – 4

Depreciation is calculated using the estimated useful life of the underlying asset if the ownership of the underlying assets is transferred at the end of the lease term or the Group's exercise of purchase option is reflected to the cost of right-of-use assets.

➤ Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

➤ Short-term lease and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of real estate, vehicles, and so forth (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.17.2 Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time to reach its intended use or sale status are capitalized as part of the asset's cost. Other borrowing costs are recognized as an expense when incurred. Borrowing costs consist of interest and other costs incurred in connection with borrowings.

2.19 Non-current assets held for sale

If the carrying amount of a non-current asset (or disposal Group) is to be recovered principally through a sale transaction, rather than through continuing use, it is classified as held for sale and measured at the lower of its fair value or carrying amount.

The classification as held for sale is met if the non-current asset (or disposal Group) is readily available for sale and is highly likely to be sold. The measures required to be classified as held for sale should show that the plan for sale is unlikely to be significantly changed or withdrawn and should be expected to be completed within one year from the date of classification as held for sale.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated (or amortized). Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position.

2.20 Revenue Recognition

When the goods or services are transferred to the customer, the Group estimates the fair value of the consideration expected to be paid in exchange for the goods or services as consideration for the change in value, such as returns and discounts.

2.20.1 Sales of goods

The Group is engaged in the business of purchasing and selling steel, energy, chemical, and automobile related goods. Revenue from the sale of goods is recognized when the goods are delivered to the customer and control of the goods is transferred. Revenue is measured based on the consideration set by the contract with the customer and excludes the amount collected on behalf of the third party.

2.20.2 Provision of services

The Group provides hotel services, vehicle maintenance and other services. Revenue from the provision of services is recognized when the customer fulfills the obligation to perform. Revenue is measured based on the consideration set by the contract with the customer and excludes the amount collected on behalf of the third party.

On the other hand, in the case of the provision of other services, the Group recognizes the transaction price allocated to the performance obligation as revenue over the period in which the service is provided, as the Group has the obligation to provide related services to the customer during the contract period.

2.20.3 Interest income

Interest income on all financial instruments measured at amortized cost and available-for-sale financial assets is recognized using the effective interest rate method. The effective interest rate is the rate at which the present value of expected future cash outflows and inflows in an expected life of the financial instrument or, where appropriate, is exactly equal to the net carrying amount of the financial asset or financial liability. Included in financial revenues.

2.20.4 Commission income

If the Group acts as an agent on behalf, the Group recognizes the net commission amount as revenue.

2.20.5 Rental income

Lease revenue arising from the lease of an investment property is recognized on a straight-line basis over the lease term.

2.20.6 Dividend income

Dividend income is recognized when the right to receive dividends is established.

2.20.7 Contract assets and liabilities

A contract asset is the right to receive payment for the goods or services transferred to the customer. If the Group transfer the goods or services to the customer before the customer pays or the payment is due, the assets the Group have the right to receive for the consideration and whose conditions are beyond the time limit are the contractual assets.

Contract liability is the Group's obligation to transfer goods or services to the customer in accordance with the consideration the Group has already received from the customer (or the consideration paid). If the customer pays the price before the goods or services are transferred to the customer, the contract liability is recognized at the time the payment is made or the due date. Contract liabilities are recognized as income when the Group fulfills its obligation to perform the contract.

2.21 Employee benefits

2.21.1 Short-term employee benefits

Short-term employee benefits payable within twelve months after the end of the reporting period in which the employee provided the related service are recognized in profit or loss when the service is rendered, in exchange for the expected future payments. Short-term employee benefits are measured at undiscounted amounts.

2.21.2 Other long-term employee benefits

Other long-term employee benefits that are not to be paid within 12 months from the end of the reporting period for which the employee has provided relevant service are the present value discounts of the future benefits earned in exchange for the services rendered during the current and previous periods. The fair value of plan assets that can be used to settle the liabilities directly is recognized as a liability. Liabilities are determined after discounting the estimated future cash flows using the interest rates of good corporate bonds with maturity periods similar to the maturity of the related benefits. Gains and losses arising from changes in actuarial assumptions and empirical adjustments are recognized in profit or loss in the period in which they arise.

2.21.3 Retirement benefit: defined contribution plan

When an employee provides service for a certain period of time in relation to the defined contribution plan, it is recognized in profit or loss except to the extent that the contributions to the defined contribution plan are transferred to the service cost and included in the cost of the asset. The contributions to be paid are recognized as liabilities (accrued expenses) after deducting contributions already paid. In addition, if the contributions already paid exceed the contributions to be paid for services rendered prior to the end of the reporting period, the Group recognizes an asset (prepaid expenses) as a reserve for future payments or cash refunds.

2.21.4 Retirement benefits: defined benefit plans

The salary costs of a defined benefit plan are determined for each plan using the projected unit credit method. The rereasurement factors, which are composed of actuarial gains and losses and changes in the effect of the asset, except for the amounts included in the net income of the plan assets and net income of the plan assets, are recognized in other comprehensive income as soon as they are incurred, the Group has not subsequently reclassified it to profit or loss.

Past service costs are recognized as an expense in the following periods.

- When system revision or reduction occurs
- When recognizing the related rescue coordinator or dismissal benefits

Net interest is determined by multiplying the net defined benefit obligation (asset) by the discount rate. The Group recognizes net charge for employee and net defined benefit liability in selling and administrative expenses.

2.21.5 Dismissal benefits

If the Group explicitly commits to dismiss an employee prior to the normal retirement date without realistic retraction or if the Group proposes to the employee a dismissal benefit for honorary retirement and the employee voluntarily accepts the offer, the termination benefit is measured and recognized in profit or loss based on the number of employees expected to accept the proposal. If the disbursement date of dismissal benefits comes after 12 months from the end of the reporting period, the amount is discounted to its present value.

2.22 Provisions and contingent liabilities

Provisions are recognized when it is probable that the associated obligation will be satisfied and the amount of the obligation can be estimated reliably, as a result of a past obligation (legal or constructive obligation).

The amount recognized as a provision is the best estimate at the end of each reporting period for the expenditure required to settle the present obligation, taking into account the unavoidable risks and uncertainties of the related events and circumstances. If the effect of time value of money is material, the provision is measured at the present value of the expenditure expected to be required to settle the obligation.

The balance of provisions is reviewed at the end of each reporting period and adjusted to reflect the best estimate as of the end of the reporting period. If the likelihood of an outflow of resources embodying economic benefits to fulfill an obligation is no longer deemed probable, the related provision is reversed.

2.22.1 Provision for warranty repair

If the Group has an obligation to repair the product after selling the product or providing the service, the Group estimates the warranty provision based on the repair period and past experience rate.

2.22.2 Provision for restoration

The recoverable amount of the restoration obligation is recognized in accordance with the Group's published environmental policy and appropriate legal requirements when the obligation arises.

2.22.3 Provisions for loss

If the unavoidable costs incurred in accordance with the contractual obligations exceed the benefits expected to be incurred by the contract for that fiscal year, the provision for the loss-making contract shall not exceed the costs and expenses required to fulfill the contract the amount of compensation or penalty to be paid at the time of payment. Impairment losses are recognized for impairment losses on assets previously used to settle the contract.

2.22.4 GHG emission quota allocation and trading system

The Group classifies the emission rights as intangible assets. The emission rights granted free of charge from the government are measured as zero ("0") and the purchased emission rights are measured at cost, which is the consideration paid for the acquisition of the emission rights. In addition, if the emission rights granted free of charge by the government in relation to the implementation year are sufficient to fulfill obligations under the emission liability incurred during the period, the emission liability is measured as zero ("0"). For emissions, the Group measure emissions liabilities at the best estimate of the expenditure expected to be incurred in fulfilling the emission liability, which is the deficit, at the end of the reporting period.

If there is a potential obligation to confirm the existence of an event in the past but there is an uncertain future event or if there is a current obligation as a result of a past event or transaction but the possibility of the outflow of resources is not very high, If the amount cannot be estimated reliably, it is presented as contingent liability.

2.23 Treasury stock

The Group accounts for treasury stock by deducting it from equity. Gains or losses on the acquisition, sale, issuance or cancellation of treasury stock are not reflected in the consolidated statement of comprehensive income. The difference between the carrying amount and the disposal price is accounted for as the consolidated other capital surplus.

2.24 Foreign currency translation

The items included in the consolidated financial statements are measured using the currency of the Republic of Korea (KRW), which is the currency in the main economic environment in which the Group operates, as the functional currency.

The Group records transactions in currencies other than the functional currency using exchange rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rates prevailing at the end of the period.

Monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates prevailing at the date of the transaction. Non-monetary items that are measured at fair value are translated at the exchange rates prevailing at the dates of the fair value measurements. Gains and losses arising from the translation of non-monetary items are recognized in other comprehensive income or expense, in the same way as recognition of gains or losses on changes in fair value of such items.

The transaction date to determine the exchange rate applicable to the initial recognition of an associated asset, cost, or revenue (or a portion thereof) is the date on which the Group first recognizes a non-monetary asset or non-monetary liability, If prepayment or athletic awards occur more than once, the Group will determine the date of the advance payment of the consideration or the date of the transaction.

2.25 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity.

2.25.1 Current income tax

Current tax liability is calculated based on current taxable income. Profit and loss items that are added or deducted during the different taxation periods and non-taxable items or non-deductible items are subject to differences in taxable income and profit or loss on the consolidated statement of comprehensive income. Liabilities related to the Group's current tax are calculated based on tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

2.25.2 Deferred tax

Deferred tax is recognized for temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the tax base used to determine the taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences when it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. However, if the temporary difference arises from the first recognition of goodwill or the transaction in which the asset or liability is recognized for the first time is not a business combination transaction and does not affect accounting profit and taxable income (tax loss) at the time of the transaction Deferred tax liabilities are not recognized. Deferred tax assets are not recognized if the temporary difference arises from transactions in which the asset or the liability is initially recognized in a transaction that is not a business combination transaction and that does not affect accounting profit and taxable income (tax loss carryforwards) at the transaction date.

Deferred tax liability is recognized for temporary differences that would be incurred with respect to subsidiaries, associates and joint ventures' investments, except where it is probable that the temporary difference will not be utilized in the foreseeable future.

In addition, deferred tax assets arising from such investments and deductible temporary differences related to investment interests are recognized only when sufficient taxable income is available for which the benefits of temporary differences can be utilized against and when temporary differences are likely to be utilized in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and the carrying amount of the deferred tax asset is reduced when the taxable income is no longer probable of generating sufficient taxable profit to be recoverable in whole or in part.

Deferred tax assets and liabilities are measured using tax rates that are expected to apply in the period in which the liability is settled or the asset is realized based on tax rates and tax laws enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of the related assets and liabilities at the end of the reporting period.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.25.3 Recognition of current and deferred tax

Current and deferred tax are recognized in profit or loss as revenues or expenses, except when arising from transactions, events or business combinations that are recognized directly in equity or other comprehensive income in the same periods or periods. At the time of business combination, the income tax effect is included in the accounting for the business combination.

2.26 Earnings per share

Basic earnings per share are calculated by dividing net income for the period attributable to common equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

2.27 Cash dividend to owners and distribution of non-cash assets

The Group recognizes liabilities when the distribution of cash or non-cash assets to the landlord is approved and no further discretion exists. Distribution to shareholders requires approval by shareholders. The corresponding amounts are reflected directly in equity.

3. Significant accounting judgments, estimates and assumptions

In applying the Group's accounting policies, management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily identifiable from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The amendments to the accounting estimates are recognized in the period in which the amendment is made if such amendments affect only that period, and in the period in which amendments are made and in the future periods if they affect both the current and future periods.

The following items are key sources of significant assumptions and other estimated uncertainties related to transactions at the end of the reporting period, which have significant risk factors that could cause significant adjustments to the carrying amounts of assets and liabilities in the next financial year.

3.1 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, or when circumstances indicate that the carrying value may be impaired, and other non-financial assets are tested for impairment when circumstances indicate that its carrying amount may not be recoverable. In determining a value in use, management estimates future cash flows to be derived from the asset or CGU, and applies the appropriate discount rate to those future cash flows.

3.2 Valuation of fair value of financial assets

Investments and other securities are measured at fair value after initial recognition. Gains or losses arising from changes in fair value are reflected in accumulated other comprehensive income and expense. If there is no available market price in the active market, the market price is used as the fair value. If there is no such market price, the valuation technique that requires management's judgment on the future expected cash flow and discount rate to estimate fair value.

3.3 Bad debt allowance for trade receivables, loans and other receivables

The Group estimates a bad debt allowance for trade receivables, loans and other receivables, based on the aging of accounts receivables and past experience of bad debt, as well as observable changes in economic and industrial conditions that correlate with default on receivables.

3.4 Measurement and useful lives of property, plant and equipment and intangible assets

If the Group acquires property and equipment or intangible assets from business combination, it is required to estimate the fair value of these assets at the acquisition date. For estimating the useful lives of tangible and intangible assets, significant management judgment is required.

3.5 Defined benefit plan

The Group's defined benefit obligation is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Group's best estimates of the variables in determining the cost of providing postretirement benefits, such as discount rates, rates of expected future salary increases and mortality rates. Significant estimation uncertainty is likely to persist in making such assumptions due to the long-term nature of postretirement benefit plan.

3.6 Deferred tax assets

Recognition and measurement of deferred tax assets and liabilities requires significant management judgment. Especially, when determining if deferred tax assets will be realizable or not in the future, it involves significant management assumptions and judgment of the Group's future performance.

3.7 Leases- Estimating the incremental borrowing rate

When the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

3.8 Matters related to COVID-19

To prevent the spread of COVID-19, a variety of prevention and control measures, including travel restrictions, are being implemented worldwide, resulting in widespread impact on the global economy. In addition, various forms of government support policies are being announced to cope with COVID-19. The Group operates information and communication distribution business, global trading business, Car Biz. businesses such as rental car, car maintenance, home appliances rental etc. and operates Walkerhill Hotel. Accounts affected by COVID-19 are primarily the recoverability of trade receivables, impairment of inventories and tangible and intangible assets, and realizability of deferred tax assets. The Group has prepared the consolidated financial statements by reasonably estimating the impact of COVID-19. However, there is significant uncertainty in estimating the termination of COVID-19 and the impact therefrom.

SK Networks Co., Ltd. and its subsidiaries
Notes to the consolidated financial statements
December 31, 2021 and 2020

4. Segment information

The Group has seven reportable segments, as described below, which represent the Group's strategic business units. The Group restated segment information of the prior year to conform with the changes in reportable segments and accounting policies in 2021.

- ① Global: steel, energy, chemical products' international and domestic trading
- ② IM: Import, export, and domestic sales of products related to information communication equipment
- ③ Rent-a-car: car rental services
- ④ Speedmate: auto parts distribution
- ⑤ SK Magic: manufacturing, selling, and rental services of gas devices, electric, electronic products
- ⑥ Others: hotel business and others

Business segment information for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Segment	2021			
	Total sales	Internal sales	Net sales (*)	Net income (loss)
Global	₩ 2,830,620	₩ (173,578)	₩ 2,657,042	₩ 10,372
IM	5,285,692	(70,179)	5,215,513	21,652
Rent-a-car	1,585,726	(53,640)	1,532,086	46,449
Speedmate	442,280	(65,983)	376,297	3,834
SK Magic	1,153,755	(77,803)	1,075,952	46,209
Others(*)	162,756	(1,506)	161,250	(65,090)
Consolidation adjustments	(442,689)	442,689	-	(1,988)
	₩ 11,018,140	₩ -	₩ 11,018,140	₩ 61,438

Segment	2021			
	Total assets (*)	Total liabilities (*)	Depreciation (*)	Amortization (*)
Global	₩ 330,822	₩ 242,527	₩ 2,079	₩ 133
IM	880,585	885,008	6,334	1,991
Rent-a-car	4,039,219	3,528,214	590,820	6,441
Speedmate	201,044	180,352	23,565	1,357
SK Magic	1,153,755	1,485,274	153,219	5,754
Others(*)	3,038,621	818,325	52,579	3,365
Consolidation adjustments	(970,482)	(117,779)	(1,034)	4,567
	₩ 9,410,916	₩ 7,021,921	₩ 827,562	₩ 23,608

(*) The amount includes non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

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4. Segment information (cont'd)

Segment	2020			
	Total sales	Internal sales	Net sales (*)	Profit (loss) for the year
Global	₩ 2,842,761	₩ (434,418)	₩ 2,408,343	₩ (1,006)
IM	5,195,973	(39,598)	5,156,375	29,559
Rent-a-car	1,561,665	(81,327)	1,480,338	16,806
Speedmate	415,086	(45,482)	369,604	6,155
SK Magic	1,092,257	(70,150)	1,022,107	52,439
Others(*)	191,233	(2,094)	189,139	(66,903)
Consolidation adjustments	(673,069)	673,069	-	(15,196)
	₩ 10,625,906	₩ -	₩ 10,625,906	₩ 21,854

Segment	2020			
	Total assets (*)	Total liabilities (*)	Depreciation (*)	Amortization (*)
Global	₩ 595,776	₩ 490,663	₩ 2,340	₩ 136
IM	995,612	886,136	8,215	2,048
Rent-a-car	3,871,575	3,397,831	554,749	6,536
Speedmate	162,313	158,073	20,462	752
SK Magic	1,663,035	1,321,298	172,281	4,174
Others(*)	2,587,044	444,899	43,450	1,669
Consolidation adjustments	(1,101,873)	(170,668)	(832)	5,541
	₩ 8,773,482	₩ 6,528,232	₩ 800,665	₩ 20,856

(*) The amount includes non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

There were no sales from a single customer representing 10% or more of the Group's total sales other than from related parties as detailed in Note 28.

The financial information of the Group by geographic segments for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021				
	Total sales	Internal sales	Net sales	Profit (loss) for the year	Non-current assets(*)
Domestic	₩ 10,953,480	₩ (438,569)	₩ 10,514,911	₩ 94,244	₩ 4,814,663
China	436,500	(1,204)	435,296	(17,982)	68,526
Europe	13,070	(613)	12,457	(1,456)	4
Others	57,779	(2,303)	55,476	(11,380)	18,410
Consolidation adjustments	(442,689)	442,689	-	(1,988)	623,789
	₩ 11,018,140	₩ -	₩ 11,018,140	₩ 61,438	₩ 5,525,392

(*) Excludes financial assets, deferred tax assets and investments in associates and joint ventures.

	2020				
	Total sales	Internal sales	Net sales	Profit (loss) for the year	Non-current assets(*)
Domestic	₩ 10,486,232	₩ (665,748)	₩ 9,820,484	₩ 41,427	₩ 4,748,685
China	449,747	(4,704)	445,043	564	84,755
Europe	170,824	(887)	169,937	(281)	5
Others	192,172	(1,730)	190,442	(4,660)	19,315
Consolidation adjustments	(673,069)	673,069	-	(15,196)	618,377
	₩ 10,625,906	₩ -	₩ 10,625,906	₩ 21,854	₩ 5,471,137

(*) Excludes financial assets, deferred tax assets and investments in associates and joint ventures.

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5. Financial instruments by categories

Details of financial assets as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021				Total
	Measured at FVTPL	Measured at amortized cost	Measured at FVOCI	Designated as hedge item	
Current assets:					
Cash and cash equivalents	₩ -	₩ 1,372,990	₩ -	₩ -	₩ 1,372,990
Short-term financial instruments	-	4,566	-	-	4,566
Trade receivables	52,088	726,606	-	-	778,694
Derivative financial assets	11,057	-	-	72	11,129
Current finance lease receivables	-	140,720	-	-	140,720
Other financial assets:					
Short-term loans	-	4,911	-	-	4,911
Other accounts receivable	-	54,836	-	-	54,836
Accrued income	-	610	-	-	610
Guarantee deposits	-	700	-	-	700
	<u>63,145</u>	<u>2,305,939</u>	<u>-</u>	<u>72</u>	<u>2,369,156</u>
Non-current assets:					
Long-term financial instruments	-	204	-	-	204
Long-term trade receivables	-	4,224	-	-	4,224
Long-term investment securities	82,142	-	169,477	-	251,619
Derivative financial assets	-	-	-	192	192
Finance lease receivables	-	381,216	-	-	381,216
Other financial assets:					
Long-term loans	-	48	-	-	48
Long-term guarantee deposits	-	59,743	-	-	59,743
	<u>82,142</u>	<u>445,435</u>	<u>169,477</u>	<u>192</u>	<u>697,246</u>
	<u>₩ 145,287</u>	<u>₩ 2,751,374</u>	<u>₩ 169,477</u>	<u>₩ 264</u>	<u>₩ 3,066,402</u>

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5. Financial instruments by categories (cont'd)

	2020			
	Measured at FVTPL	Measured at amortized cost	Measured at FVOCI	Total
Current assets:				
Cash and cash equivalents	₩ -	₩ 861,330	₩ -	₩ 861,330
Short-term financial instruments	-	4,515	-	4,515
Trade receivables	140,357	615,770	-	756,127
Derivative financial assets	1,246	-	-	1,246
Current finance lease receivables	-	83,163	-	83,163
Other financial assets:				
Short-term loans	-	345	-	345
Other accounts receivable	-	52,164	-	52,164
Accrued income	-	1,484	-	1,484
Guarantee deposits	-	672	-	672
	<u>141,603</u>	<u>1,619,443</u>	<u>-</u>	<u>1,761,046</u>
Non-current assets:				
Long-term financial instruments	-	451	-	451
Long-term trade receivable	-	13,965	-	13,965
Long-term investment securities	57,763	-	73,741	131,504
Finance lease receivable	-	247,294	-	247,294
Other financial assets:				
Long-term loans	-	48	-	48
Long-term guarantee deposits	-	58,465	-	58,465
	<u>57,763</u>	<u>320,223</u>	<u>73,741</u>	<u>451,727</u>
	<u>₩ 199,366</u>	<u>₩ 1,939,666</u>	<u>₩ 73,741</u>	<u>₩ 2,212,773</u>

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5. Financial instruments categories (cont'd)

Financial liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021			
	Measured at FVTPL	Measured at amortized cost	Designated as hedge item	Total
Current liabilities:				
Trade payables	₩ -	₩ 1,118,978	₩ -	₩ 1,118,978
Short-term borrowings	-	935,363	-	935,363
Current portion of long-term liabilities	-	814,228	-	814,228
Derivative financial liabilities	2,537	-	-	2,537
Current portion of lease liabilities	-	550,068	-	550,068
Other financial liabilities:				
Other accounts payable	-	162,051	-	162,051
Accrued expenses	-	44,319	-	44,319
Deposits received	-	56,304	-	56,304
	<u>2,537</u>	<u>3,681,311</u>	<u>-</u>	<u>3,683,848</u>
Non-current liabilities:				
Borrowings and bonds	-	1,940,197	-	1,940,197
Derivative financial liabilities	-	-	236	236
Lease liabilities	-	816,357	-	816,357
Other financial liabilities:				
Other accounts payable	-	341	-	341
Deposits received	-	243,565	-	243,565
	<u>-</u>	<u>3,000,460</u>	<u>236</u>	<u>3,000,696</u>
	<u>₩ 2,537</u>	<u>₩ 6,681,771</u>	<u>₩ 236</u>	<u>₩ 6,684,544</u>

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5. Financial instruments categories (cont'd)

	2020			
	Measured at FVTPL	Measured at amortized cost	Designated as hedge item	Total
Current liabilities:				
Trade payables	₩ -	₩ 898,500	₩ -	₩ 898,500
Short-term borrowings	-	951,202	-	951,202
Current portion of long-term liabilities	-	786,338	-	786,338
Derivative financial liabilities	29,366	-	1,002	30,368
Current portion of lease liabilities	-	554,206	-	554,206
Other financial liabilities:				
Other accounts payable	-	176,093	-	176,093
Accrued expenses	-	48,723	-	48,723
Deposits received	-	50,410	-	50,410
	<u>29,366</u>	<u>3,465,472</u>	<u>1,002</u>	<u>3,495,840</u>
Non-current liabilities:				
Long-term trade payables	-	712	-	712
Borrowings and bonds	-	1,580,939	-	1,580,939
Derivative financial liabilities	36	-	1,520	1,556
Lease liabilities	-	865,808	-	865,808
Other financial liabilities:				
Other accounts payable	-	427	-	427
Deposits received	-	208,726	-	208,726
	<u>36</u>	<u>2,656,612</u>	<u>1,520</u>	<u>2,658,168</u>
	<u>₩ 29,402</u>	<u>₩ 6,122,084</u>	<u>₩ 2,522</u>	<u>₩ 6,154,008</u>

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5. Financial instruments categories (cont'd)

Details of gain and loss by category of financial instruments for the year ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		
	Financial assets		
	Measured at FVTPL	Measured at amortized cost	Measured at FVOCI
Interest income	₩ -	₩ 15,579	₩ -
Dividend income	1	-	1,105
Bad debt expenses	-	(16,744)	-
Gain on transactions of derivative instruments	122,730	-	-
Gain on foreign currency translation and transactions	-	14,398	-
Gain (loss) on valuation of financial assets	(400)	-	55,371
Gain on disposal of financial assets	2,607	2,444	2,845
	₩ 124,983	₩ 15,677	₩ 59,321

	2021		
	Financial liabilities		
	Measured at FVTPL	Measured at amortized cost	Designated as hedge item
Interest expenses	₩ -	₩ (105,835)	₩ -
Gain (loss) on transactions of derivative instruments	(57,061)	-	2,550
Loss on foreign currency translation and transactions	-	(71,802)	-
	₩ (57,061)	₩ (177,637)	₩ 2,550

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5. Financial instruments categories (cont'd)

	2020			
	Financial assets			
	Measured at FVTPL	Measured at amortized costs	Measured at FVOCI	Designated as hedge item
Interest income	₩ -	₩ 10,033	₩ -	₩ -
Dividend income	6	-	60	-
Bad debt expenses	-	24,570	-	-
Gain on transactions of derivative instruments	85,881	-	-	283
Loss on foreign currency translation and transactions	-	(826)	-	-
Gain on valuation of financial assets	(416)	-	14,958	-
Gain (loss) on disposal of financial assets	5	(4,415)	(35)	-
	<u>₩ 85,476</u>	<u>₩ 29,362</u>	<u>₩ 14,983</u>	<u>₩ 283</u>

	2020		
	Financial liabilities		
	Measured at FVTPL	Measured at amortized cost	Designated as hedge item
Interest expenses	₩ -	₩ (114,424)	₩ -
Loss on transactions of derivative instruments	(108,171)	-	(472)
Gain on foreign currency translation and transactions	-	19,764	-
	<u>₩ (108,171)</u>	<u>₩ (94,660)</u>	<u>₩ (472)</u>

Above gains or losses are inclusive of all the gains or losses on financial instruments that are recorded as either selling and administrative expenses, finance income (costs) or other comprehensive income (loss) (before tax effect).

5.1 Division by fair value hierarchy

Carrying amount and fair value of financial assets and liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	₩ 2,115,276	₩ 2,020,471	₩ 1,682,177	₩ 1,709,493
Borrowings	1,574,512	1,543,449	1,636,302	1,636,229

The fair value of bonds payable and borrowings was measured as the present value of the contractually determined stream of future cash flows discounted at the market interest rate (1.22%~4.05%) regarding residual market risks. As the book value of other financial assets and other financial liabilities are reasonable approximations to fair values, the fair values have not been disclosed.

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5.1 Division by fair value hierarchy (cont'd)

The Group classifies the financial instruments measured at fair value in the consolidated statements of financial position into the following fair value hierarchy according to the input variables used in the fair value measurement.

	Significance of input
Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair values of financial instruments by fair value hierarchy as of December 31, 2021 and 2020 are as follows: (Korean won in millions):

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Fair value through profit or loss:				
Trade receivables	₩ -	₩ -	₩ 52,088	₩ 52,088
Long-term investment securities	-	-	82,142	82,142
Derivative financial assets	-	11,057	-	11,057
Fair value through OCI:				
Long-term investment securities	26,550	-	142,927	169,477
Derivatives designated as hedging instruments:				
Derivative financial liabilities	-	264	-	264
	<u>₩ 26,550</u>	<u>₩ 11,321</u>	<u>₩ 277,157</u>	<u>₩ 315,028</u>
Financial liabilities:				
Fair value through profit or loss:				
Derivative financial liabilities	₩ -	₩ 2,537	₩ -	₩ 2,537
Derivatives designated as hedging instruments:				
Derivative financial liabilities	-	236	-	236
	<u>₩ -</u>	<u>₩ 2,773</u>	<u>₩ -</u>	<u>₩ 2,773</u>

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5.1 Division by fair value hierarchy (cont'd)

	2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Fair value through profit or loss:				
Trade receivables	₩ -	₩ -	₩ 140,357	₩ 140,357
Long-term investment securities	-	-	57,763	57,763
Derivative financial assets	-	1,246	-	1,246
Fair value through OCI:				
Long-term investment securities	20,498	-	53,243	73,741
	₩ 20,498	₩ 1,246	₩ 251,363	₩ 273,107
Financial liabilities:				
Fair value through profit or loss:				
Derivative financial liabilities	₩ -	₩ 29,402	₩ -	₩ 29,402
Derivatives designated as hedging instruments:				
Derivative financial liabilities	-	2,522	-	2,522
	₩ -	₩ 31,924	₩ -	₩ 31,924

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the years ended December 31, 2021 and 2020, there were no transfers between different levels of fair value measurement hierarchy.

5.1.1 Description of valuation techniques and input variables

Valuation techniques and input variables used in measuring fair value of financial instruments and fair value of financial instruments using fair value measurements that are classified as Level 2 or Level 3 at the end of the current and previous years are as follows.

5.1.1.1 Currency currencies and currency swaps

The fair value of currency swaps and currency swaps is measured principally based on the prevailing exchange rates announced by the market at the end of the period for the periods in which they are consistent with the remaining period of the currency swaps and currency swaps.

If the forward exchange rate of the period consistent with the remaining period of the currency swaps and currency swaps is not disclosed in the market, the forward exchange rate is applied to the forward exchange rate for each period presented in the market, the Group measured the fair value of currency forward and currency swaps.

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5.1.1.2 Interest rate swaps

Fair value of interest rate swap was measured, in principle, by the posted “interest rate of swap” of the period corresponding to the remaining maturity of the evaluation subject as of December 31, 2021. If the posted “interest rate of swap” of the period corresponding to the remaining maturity of the evaluation subject does not exist, the interest rate swap was measured by the estimated “interest rate of swap” of the period similar to the remaining maturity by the interpolation.

For the year ended December 31, 2021, there was no change in valuation techniques used for measuring the fair value of financial instruments classified as Level 2 and Level 3.

5.1.1.3 Debt securities

Fair value of debt securities was measured by future cash flows discounted at the market rate that reflects similar credit rating to debt issuer.

5.1.1.4 Unlisted equity

The fair value of investments in non-listed companies was measured using the discounted cash flow model and certain assumptions which were not based on observable market prices or rates, such as for sales growth, pre-tax profit margin, and weighted average cost of capital, were used for estimating the future cash flow. The weighted average cost of capital for discounting the future cash flows was calculated applying the Capital Asset Pricing Model (“CAPM”). As the Group determined that the effect of the above mentioned assumptions and estimates for measuring the fair value of investments in non-listed companies was significant, the fair value measurement of investments in non-listed companies was classified as Level 3 in the fair value hierarchy.

Deposits which are restricted in use as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Accounts	Contractor	2021	2020	Description
Short-term financial instruments	Hana Bank, etc.	₩ 47	₩ -	Attachment of litigation bond
Short-term financial instruments	Hana Bank	4,519	4,515	Escrow account
Long-term investment instruments	Hana Bank, etc.	52	52	Collateral for bank overdraft
Long-term financial securities	Industrial Bank of Korea	1,500	1,500	Charitable trust fund

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6. Trade and other receivables

Details of trade and other receivables as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021			2020		
	Costs	Loss allowance	Carrying amount	Costs	Loss allowance	Carrying amount
Trade receivables (*)	₩ 895,645	₩ (116,951)	₩ 778,694	₩ 882,538	₩ (126,411)	₩ 756,127
Current portion of finance lease receivables	149,517	(8,797)	140,720	89,647	(6,484)	83,163
Short-term loans	4,920	(9)	4,911	354	(9)	345
Other accounts receivable	80,456	(25,620)	54,836	78,045	(25,881)	52,164
Accrued income	1,919	(1,309)	610	2,793	(1,309)	1,484
Guarantee deposits	700	-	700	672	-	672
Long-term trade receivables	8,856	(4,632)	4,224	24,137	(10,172)	13,965
Finance lease receivables	392,169	(10,953)	381,216	257,005	(9,711)	247,294
Long-term loans	33,209	(33,161)	48	33,209	(33,161)	48
Long-term other accounts receivable	27,534	(27,534)	-	25,778	(25,778)	-
Long-term guarantee deposits	59,743	-	59,743	58,465	-	58,465
	<u>₩ 1,654,668</u>	<u>₩ (228,966)</u>	<u>₩ 1,425,702</u>	<u>₩ 1,452,643</u>	<u>₩ (238,916)</u>	<u>₩ 1,213,727</u>

(*) Where the Group retains all the risks and rewards of ownership of the factored financial assets, the Group continues to recognize the factored financial assets and financial liabilities for the consideration received. Trade receivables sold but not derecognized amounted to ₩52,088 million and ₩140,357 million as of December 31, 2021 and 2020, respectively.

Changes in the allowance for doubtful accounts during the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Beginning balance	₩ 238,916	₩ 217,252
Business combination (*1)	-	158
Provisions	16,744	24,570
Transfers	-	3,098
Write-offs	(27,014)	(5,243)
Others (*2)	320	(919)
Ending balance (*3)	<u>₩ 228,966</u>	<u>₩ 238,916</u>

(*1) Allowance of ₩158 million held by MINTIT Co., Ltd. was included by the acquisition for the year ended December 31, 2020.

(*2) It consists of the amount classified as assets held-for-sale and effect of changes in foreign exchange rates.

(*3) Loss allowance on trade and other receivables are measured at expected credit losses for the whole period in accordance with KIFRS 1109, practical expedient method.

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6. Trade and other receivables (cont'd)

The aging analysis of trade and other receivables as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021					
	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Within 90 days	3~6 months	Over 6 months		
Trade receivables	₩ 187,555	₩ 107,298	₩ 1,987	₩ 8,014	₩ 141,333	₩ 1,446,187
Other financial assets (*)	93,900	7,808	347	18,793	87,663	208,481
	<u>₩ 1,281,45</u>	<u>₩ 115,106</u>	<u>₩ 2,334</u>	<u>₩ 26,807</u>	<u>₩ 228,966</u>	<u>₩ 1,654,668</u>

(*) Other financial assets consists of finance lease receivables, loans, other accounts receivable and guarantee deposits.

	2020					
	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Within 90 days	3~6 months	Over 6 months		
Trade receivables	₩ 801,655	₩ 257,718	₩ 9,985	₩ 31,191	₩ 152,778	₩ 1,253,327
Other financial assets (*)	63,272	5,138	3,482	41,286	86,138	199,316
	<u>₩ 864,927</u>	<u>₩ 262,856</u>	<u>₩ 13,467</u>	<u>₩ 72,477</u>	<u>₩ 238,916</u>	<u>₩ 1,452,643</u>

(*) Other financial assets consists of finance lease receivables, loans, other accounts receivable and guarantee deposits.

7. Other current assets

Details of other current assets as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Advanced payments	₩ 20,118	₩ 44,577
Prepaid expenses	116,995	112,723
Current portion of contract assets	45	65
	<u>₩ 137,158</u>	<u>₩ 157,365</u>

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8. Inventories

Details of inventories as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		
	Costs	Valuation allowance	Carrying amount
Raw materials	₩ 44,494	₩ (1,150)	₩ 43,344
Supplies	196	(16)	180
Semi-finished goods	1,634	-	1,634
Work-in progress	2,134	-	2,134
Finished goods	34,417	(916)	33,501
Merchandise	333,988	(16,695)	317,293
Goods-in-transit	35,519	-	35,519
	<u>₩ 452,382</u>	<u>₩ (18,777)</u>	<u>₩ 433,605</u>
	2020		
	Costs	Valuation allowance	Carrying amount
Raw materials	₩ 44,244	₩ (1,368)	₩ 42,876
Supplies	156	(9)	147
Semi-finished goods	2,251	-	2,251
Work-in progress	2,125	-	2,125
Finished goods	26,265	(918)	25,347
Merchandise	496,236	(31,923)	464,313
Goods-in-transit	25,411	-	25,411
	<u>₩ 596,688</u>	<u>₩ (34,218)</u>	<u>₩ 562,470</u>

The Group recognized gain on valuation of inventories amounting to ₩15,441 million in cost of sales in 2021 (2020: loss on valuation of inventories amounting to ₩9,541 million).

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9. Investment securities

Investment securities as of December 31, 2021 and 2020 are as follows:

	2021			
	Carrying amount			
	Measured at FVTPL	Measured at FVOCI(*)		Total
Equity instruments:				
Marketable equity securities	₩ -	₩ 26,550	₩ 26,550	₩ 26,550
Non-marketable equity securities	1,921	142,927		144,848
	1,921	169,477		171,398
Debt instruments:				
Beneficiary certificate and, etc.	59,722	-		59,722
Debt securities	20,499	-		20,499
	80,221	-		80,221
	₩ 82,142	₩ 169,477	₩ 251,619	₩ 251,619

(*) The Group applied the irrevocable option designated as other comprehensive income-fair value measurement at the initial adoption date for equity instruments held for strategic investment, not for short-term trading.

	2020			
	Carrying amount			
	Measured at FVTPL	Measured at FVOCI(*)		Total
Equity instruments:				
Marketable equity securities	₩ -	₩ 20,498	₩ 20,498	₩ 20,498
Non-marketable equity securities	16,922	53,243		70,165
	16,922	73,741		90,663
Debt instruments:				
Beneficiary certificate and, etc.	34,030	-		34,030
Debt securities	6,811	-		6,811
	40,841	-		40,841
	₩ 57,763	₩ 73,741	₩ 131,504	₩ 131,504

Marketable equity securities as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

	Ownership percentage	2021			2020
		Costs	Fair value	Carrying amount	Carrying amount
Paradise Co., Ltd.	0.23%	₩ 2,402	₩ 3,124	₩ 3,124	₩ 3,198
Koramco Energy Plus REIT Co., Ltd.	7.45%	18,000	23,364	23,364	17,262
Dongbu Construction Co., Ltd.	0.00%	82	42	42	38
Sambu Co., Ltd.	0.03%	17	20	20	-
		₩ 20,501	₩ 26,550	₩ 26,550	₩ 20,498

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9. Investment securities (cont'd)

Non-marketable equity securities as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

	Ownership percentage	2021		2020
		Acquisition cost	Carrying amount	Carrying amount
Mesh Korea Co. Ltd. (*1)	-	₩ -	₩ -	₩ 14,978
SK Technology Innovation Company	7.13%	12,356	6,671	6,671
Paradise Hotel Busan Co., Ltd.	9.86%	5,724	16,359	8,966
Kurly Co. Ltd. (*2)	3.32%	23,430	82,297	32,090
Parkingcloud Corp. (*1)	-	-	-	3,000
SK Charitable trust fund	2.30%	1,500	1,500	1,500
The Korea Economic Daily	1.03%	2,027	1,010	1,010
Korea e platform Co., Ltd.	3.18%	1,000	1,000	1,000
Standard Cognition	2.44%	27,710	29,637	-
Carsuri Co., Ltd.	19.00%	5,445	5,445	-
Others	-	10,904	929	950
		₩ 90,096	₩ 144,848	₩ 70,165

(*1) The Group sold the entire shares during the year ended December 31, 2021.

(*2) It includes the amount of convertible preferred shares which was held by the Company and converted into common shares during the year ended December 31, 2021.

Changes in investment securities for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		2020	
Beginning balance	₩	131,504	₩	81,308
Acquisition		81,009		43,118
Disposals		(18,054)		(6,331)
Valuation (profit or loss)		(400)		(416)
Valuation (OCI)		55,371		14,958
Others (*1)		2,189		(1,133)
Ending balance	₩	251,619	₩	131,504

(*1) Excluded due to the changes in scope of consolidation and changes in foreign exchange rates.

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10. Investments in associates and joint ventures

Investments in associates and joint ventures as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	Location	Settlement date	Principal business activity	Equity ownership	2021		2020	
					Acquisition costs	Carrying amount	Acquisition costs	Carrying amount
Associates:								
SK MENA Investment BV.	Netherlands	Dec. 31	Investments company	21.79%	₩ 9,780	₩ 10,033	₩ 9,479	
SK Latin America Investment S.A.	Spain	Dec. 31	Investments company	21.79%	9,685	9,488	9,434	
Joint ventures:								
Cado cuaura Co. Ltd. (*1)	Japan	Dec. 31	Investment company	-	-	-	370	
					₩ 19,465	₩ 19,818	₩ 19,283	

(*1) The Group sold the entire shares during the year ended December 31, 2021.

Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		2020	
	Beginning balance	Share of profit (loss) to an associate	Beginning balance	Share of profit (loss) to an associate
Associates:				
SK MENA Investment BV.	₩ 9,479	₩ 1	₩ 10,087	₩ (608)
SK Latin America Investment S.A.	9,434	(9)	9,191	250
Joint ventures:				
Cado cuaura Co., Ltd.	370	(1)	3,845	(502)
	₩ 19,283	₩ (9)	₩ 23,625	₩ (644)

	2021		2020	
	Changes in equity adjustments	Disposals	Changes in equity adjustments	Disposals
Associates:				
SK MENA Investment BV.	₩ 850	₩ -	₩ (608)	₩ -
SK Latin America Investment S.A.	63	-	250	-
Joint ventures:				
Cado cuaura Co., Ltd.	(7)	(362)	-	(3,343)
	₩ 906	₩ (362)	₩ (355)	₩ (3,343)

(*1) Transferred to investments in subsidiaries as the Company acquired control by acquiring additional shares.

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10. Investments in associates and joint ventures (cont'd)

The following table illustrates the condensed summarized financial information of the Group's investment as at and for the year ended December 31, 2021 (Korean won in millions):

	2021		2020		Sales	Operating profit (loss)	Net income (loss)
	Current assets	Non-current assets	Current liabilities	Non-current liabilities			
Associates:							
SK MENA Investment BV.	₩ 2,991	₩ 43,885	₩ 16	₩ -	₩ -	₩ -	₩ 7
SK Latin America Investment S.A.	2,601	40,137	3	-	-	-	(44)

11. Property, plant and equipment

Details of carrying amount of property, plant and equipment as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021			2020		
	Acquisition costs	Accumulated depreciation	Carrying amount	Acquisition costs	Accumulated depreciation	Carrying amount
Land	₩ 748,568	₩ -	₩ 748,568	₩ 744,009	₩ -	₩ 744,009
Buildings	566,163	(217,749)	348,414	511,597	(203,947)	307,650
Structures	38,977	(25,573)	13,404	36,972	(23,347)	13,625
Storage tanks	616	(198)	418	758	(248)	510
Machinery and equipment	99,233	(56,152)	43,081	90,963	(56,034)	34,929
Vehicles	2,251	(1,728)	523	2,778	(1,977)	801
Rental property	2,694,908	(752,976)	1,941,932	2,523,551	(769,546)	1,754,005
Furniture and fixtures	269,468	(175,503)	93,965	256,564	(168,005)	88,559
Others	150,193	(69,530)	80,663	129,234	(55,484)	73,750
Construction-in-progress	43,505	-	43,505	70,283	-	70,283
	₩ 4,613,882	₩ (1,299,409)	₩ 3,314,473	₩ 4,366,709	₩ (1,278,588)	₩ 3,088,121

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11. Property, plant and equipment (cont'd)

Changes in net carrying amount of property, plant and equipment for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

2021							
	Beginning balance	Acquisitions	Disposals	Depreciations	Impairment	Others (*1)	Ending balance
Land	₩ 744,009	₩ 9,553	₩ (12,351)	₩ -	₩ -	₩ 7,357	₩ 748,568
Buildings	307,650	2,818	(3,406)	(15,361)	(968)	57,681	348,414
Structures	13,625	1,968	(1,096)	(1,617)	(1,334)	1,858	13,404
Storage tanks	510	-	(51)	(41)	-	-	418
	34,929	6,870	(1,922)	(9,206)	(516)	12,926	43,081
Machinery and equipment							
Vehicles	801	14	(24)	(279)	-	11	523
Rental property	1,754,005	854,692	(26,640)	(436,235)	(4,596)	(199,294)	1,941,932
	88,559	32,854	(1,245)	(34,248)	(59)	8,104	93,965
Furniture and fixtures							
Others	73,750	2,554	(466)	(16,696)	(1,086)	22,607	80,663
Construction-in-progress	70,283	103,190	-	-	-	(129,968)	43,505
	₩ 3,088,121	₩ 1,014,513	₩ (47,201)	₩ (513,683)	₩ (8,559)	₩ (218,718)	₩ 3,314,473

(*1) Others include transfers from construction-in-progress to property, plant and equipment, transfers to intangible assets, transfers to inventories, transfers to Investment properties, transfers to non-current assets held for sale and effects of changes in foreign exchange rates.

2020								
	Beginning balance	Business Combination (*1)	Acquisitions	Disposals	Depreciations	Impairment	Others (*2)	Ending balance
Land	₩ 963,533	₩ 1,917	₩ 6,159	₩ (10,008)	₩ -	₩ -	₩ (217,592)	₩ 744,009
Buildings	415,387	179	788	(3,122)	(17,039)	-	(88,543)	307,650
Structures	26,132	-	819	(1,514)	(2,608)	-	(9,204)	13,625
Storage tanks	389	-	107	(54)	(30)	-	98	510
	34,035	100	3,728	(1,615)	(6,372)	(456)	5,509	34,929
Machinery and equipment								
Vehicles	1,635	29	306	(575)	(464)	-	(130)	801
Rental property	1,709,849	-	797,644	(25,194)	(421,232)	(3,729)	(303,333)	1,754,005
	84,795	36	31,532	(3,375)	(32,879)	(595)	9,045	88,559
Furniture and fixtures								
Others	87,903	42	6,053	(739)	(14,728)	(3,270)	(1,511)	73,750
Construction-in-progress	18,181	511	106,256	-	-	(4,520)	(50,145)	70,283
	₩ 3,341,839	₩ 2,814	₩ 953,392	₩ (46,196)	₩ (495,352)	₩ (12,570)	₩ (655,806)	₩ 3,088,121

(*1) Related to the business combination that occurred during the year ended December 31, 2020.

(*2) Others include transfers from construction-in-progress to property, plant and equipment, transfers to intangible assets, transfers to inventories, transfers to Investment properties, transfers to non-current assets held for sale and effects of changes in foreign exchange rates.

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11. Property, plant and equipment (cont'd)

In addition to the impairment of individual assets during the current year, there was indication of impairment for the hotel division due to the impact of COVID-19. Some cash-generating units were impaired as a result of impairment testing. The main assumptions used in calculating recoverable amount reflect management's evaluation of future trends, which were determined taking into account external and internal information (past historical information). The main assumptions used in the impairment testing are summarized as follows (Korean won in millions):

	Amount	Permanent growth ratio	Discount rate (*1)
Value in use	14,026	0%	11.33%

(*1) Estimated based on weighted average cost of capital.

As a result of the impairment testing, ₩1,086 million of carrying amount exceeding recoverable value was recognized as an impairment loss on property, plant and equipment.

The capitalized borrowing costs are ₩1,061 million and the capitalization interest rate is 2.41% for the year ended December 31, 2021.

12. Goodwill

Changes in goodwill for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Beginning balance	₩ 444,300	₩ 448,068
Acquisition	-	7,236
Others (*)	(233)	(11,004)
Ending balance	₩ 444,067	₩ 444,300

(*) Amounts related to the changes in scope of consolidation are included.

Impairment testing on goodwill and intangible assets related to brand

The Group estimated the recoverable amount to assess the impairment of goodwill and intangible assets related to the brand with indefinite useful lives. The main assumptions used in the calculation of recoverable amounts reflect management's assessment of future trends in each reporting segment. This decision was based on external information and internal information (historical information). The major assumptions used in impairment testing on goodwill and intangible assets related to brand of SK Magic Co., Ltd. and goodwill of SK Rent A Car Co.,Ltd. for the year ended December 31, 2021 are summarized as follows (Korean won in millions):

Segment	Account	Recoverable amount	Book Value	Perpetual growth rate	Discount rate (*)
SK Magic Co., Ltd.	Goodwill	Value in use	₩ 253,004	1.0%	11.03%
	Intangible assets related to the brand	Value in use	210,119	1.0%	13.03%
SK Rent A Car Co.,Ltd.	goodwill	Value in use	183,520	1.0%	17.50%

(*) The discount rate used in determining the recoverable amount of each reporting segment was estimated based on the weighted average cost of capital and cost of equity.

As a result of reviewing the impairment of goodwill and brand related to intangible assets, there is no impairment loss recognized for the year ended December 31, 2021 because the carrying amount does not exceed the recoverable value.

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13. Intangible assets other than goodwill

Intangible assets other than goodwill as of December 31, 2021 and 2020 consists of the followings (Korean won in millions):

	2021			2020		
	Acquisitions costs	Accumulated amortization	Carrying amount	Acquisitions costs	Accumulated amortization	Carrying amount
Development cost	₩ 128,877	₩ (95,690)	₩ 33,187	₩ 108,889	₩ (88,204)	₩ 20,685
Industrial property rights	687	(481)	206	676	(442)	234
Memberships	25,261	(17)	25,244	24,227	(27)	24,200
Intangible assets related to customer	62,783	(25,784)	36,999	62,783	(21,062)	41,721
Intangible assets related to brand	210,119	-	210,119	210,119	-	210,119
Others	72,831	(42,594)	30,237	63,033	(32,574)	30,459
	<u>₩ 500,558</u>	<u>₩ (164,566)</u>	<u>₩ 335,992</u>	<u>₩ 469,727</u>	<u>₩ (142,309)</u>	<u>₩ 327,418</u>

Changes in intangible assets other than goodwill for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021						Ending balance
	Beginning balance	Acquisitions	Disposals	Amortization	Impairment	Others (*1)	
Development cost	₩ 20,685	₩ 125	₩ (1,661)	₩ (8,592)	₩ (63)	₩ 23,053	₩ 33,187
Industrial property rights	234	37	(6)	(59)	-	-	206
Memberships	24,200	2,350	(1,306)	-	-	-	25,244
Intangible assets related to customer	41,721	-	-	(4,772)	-	-	36,999
Intangible assets related to brand	210,119	-	-	-	-	-	210,119
Others	30,459	6,598	-	(9,875)	-	3,005	30,237
	<u>₩ 327,418</u>	<u>₩ 9,110</u>	<u>₩ (2,973)</u>	<u>₩ (23,608)</u>	<u>₩ (63)</u>	<u>₩ 26,108</u>	<u>₩ 335,992</u>

(*1) Others include transfers from property, plant and equipment, transfers to non-current assets held for sale and effects of changes in foreign exchange rates.

	2020						Ending balance
	Beginning balance	Business Combination (*1)	Acquisitions	Disposals	Amortization	Others (*2)	
Development cost	₩ 15,644	₩ 1,957	₩ 536	₩ -	₩ (6,614)	₩ 9,162	₩ 20,685
Industrial property rights	229	44	37	(19)	(30)	(27)	234
Memberships	21,164	-	4,369	(1,048)	-	(285)	24,200
Intangible assets related to customer	46,442	-	-	-	(4,721)	-	41,721
Intangible assets related to brand	210,119	-	-	-	-	-	210,119
Others	22,154	2,460	10,701	(284)	(9,491)	4,919	30,459
	<u>₩ 315,752</u>	<u>₩ 4,461</u>	<u>₩ 15,643</u>	<u>₩ (1,351)</u>	<u>₩ (20,856)</u>	<u>₩ 13,769</u>	<u>₩ 327,418</u>

(*1) Related to the business combination that occurred during the year ended December 31, 2020.

(*2) Others include changes in scope of consolidation, transfers from property, plant and equipment, transfers to non-current assets held for sale and effects of changes in foreign exchange rates.

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14. Investment properties

Changes in investment properties for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021				Ending balance
	Beginning balance	Disposal	Depreciation	Others (*1)	
Land	₩ 237,520	₩ (128,489)	₩ -	₩ (7,194)	₩ 108,537
Buildings	18,745	(2,365)	(652)	(1,832)	13,896
	<u>₩ 256,265</u>	<u>₩ (128,854)</u>	<u>₩ (652)</u>	<u>₩ (9,026)</u>	<u>₩ 119,733</u>

(*1) Others include transfers to property, plant and equipment.

	2020				Ending balance
	Beginning balance	Disposal	Depreciation	Others (*1)	
Land	₩ 87,288	₩ (39)	₩ -	₩ 150,271	₩ 237,520
Buildings	3,902	-	(252)	15,095	18,745
	<u>₩ 91,190</u>	<u>₩ (39)</u>	<u>₩ (252)</u>	<u>₩ 165,366</u>	<u>₩ 256,265</u>

(*1)) Others include changes in scope of consolidation, transfers from property, plant and equipment.

Details of gains and losses related to investment property for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Rental income	₩ 4,371	₩ 6,161
Depreciation	(652)	(252)
	<u>₩ 3,719</u>	<u>₩ 5,909</u>

The fair value of investment property as of December 31, 2021 is ₩ 128,510 million.

15. Right-of-use assets and lease liabilities

Details of right-of-use assets as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021			2020		
	Acquisition costs	Depreciation	Book value	Acquisition costs	Depreciation	Book value
Real estates	₩ 287,443	₩ (96,112)	₩ 191,331	₩ 155,963	₩ (74,660)	₩ 81,303
Vehicles	1,724,698	(604,902)	1,119,796	1,726,686	(452,956)	1,273,730
	<u>₩ 2,012,141</u>	<u>₩ (701,014)</u>	<u>₩ 1,311,127</u>	<u>₩ 1,882,649</u>	<u>₩ (527,616)</u>	<u>₩ 1,355,033</u>

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15. Right-of-use assets and lease liabilities (cont'd)

Changes in right-of-use asset for the year ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021					Ending balance
	Beginning balance	Acquisition	Depreciation	Others (*1)		
Real estates	₩ 81,303	₩ 165,060	₩ (43,354)	₩ (11,678)	₩	191,331
Vehicles	1,273,730	355,753	(269,873)	(239,814)		1,119,796
	₩ 1,355,033	₩ 520,813	₩ (313,227)	₩ (251,492)	₩	1,311,127

(*1) Includes early termination and net foreign exchange differences.

	2020					Ending balance
	Beginning balance	Acquisition	Depreciation	Transfers (*1)	Others (*2)	
Real estates	₩ 53,366	₩ 61,295	₩ (31,767)	₩ 1,249	₩ (2,840)	₩ 81,303
Vehicles	1,399,913	376,763	(273,294)	-	(229,652)	1,273,730
	₩ 1,453,279	₩ 438,058	₩ (305,061)	₩ 1,249	₩ (232,492)	₩ 1,355,033

(*1) Right-of-use assets for assets transferred from non-current asset held for sale in relation to petroleum business are included.

(*2) Includes early termination and net foreign exchange differences.

Changes in lease liabilities for the year ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021					Ending balance
	Beginning balance	Acquisition	Interest expenses	Repayment	Others (*1)	
Lease liabilities	₩ 1,420,014	₩ 518,117	₩ 42,407	₩ (361,082)	₩ (253,031)	₩ 1,366,425

(*1) Includes offset with right-of-use assets due to termination during the lease terms and effect of changes in foreign exchange rates.

	2020					Ending balance	
	Beginning balance	Acquisition	Interest expenses	Repayment	Transfers		Others (*1)
Lease liabilities	₩ 1,511,854	₩ 441,498	₩ 47,744	₩ (355,319)	₩ 1,059	₩ (226,822)	₩ 1,420,014

(*1) Includes offset with right-of-use assets due to termination during the lease terms and effect of changes in foreign exchange rates.

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15. Right-of-use assets and lease liabilities (cont'd)

For the year ended December 31, 2021, the Group recognized ₩1,616 million, ₩1,682 million, and ₩804 million of leases payments of short-term leases, lease payment of leases of low-value assets and variable lease payments as cost of sales and selling and administrative costs, respectively. The total cash outflows from leases amounts to ₩365,184 million while income from sublease amounts to ₩455,390 million.

In relation to the Group's sub-leases, the expected future lease revenues as of December 31, 2021 are as follows (Korean won in millions):

Year	2021
Due within a year	₩ 1,222,371
With in 1 ~ 2 years	905,005
With in 2 ~ 3 years	595,587
With in 3 ~ 4 years	288,230
With in 4 ~ 5 years	66,639
	₩ 3,077,832

Gross investment in the lease and present value of minimum lease payments for finance lease as of December 31, 2021 are as follows (Korean won in millions):

	Gross investment in the lease	Present value of minimum lease payments
Due within a year	₩ 152,441	₩ 149,517
With in 1 ~ 2 years	144,541	138,455
With in 2 ~ 3 years	128,960	120,579
With in 3 ~ 4 years	91,845	84,051
With in 4 ~ 5 years	43,430	39,987
Due after five years	11,039	9,097
	₩ 572,256	₩ 541,686

Details of unrealized interest income of finance lease contracts as of December 31, 2021 are as follows (Korean won in millions):

	2021
Gross investment in the lease	₩ 572,256
Net investment in the lease	541,686
Unrealized interest income	30,570

The amount of recognized interest income related to net investment in the lease in 2021 is ₩12,965 million.

16. Other non-current assets

Other non-current assets as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

	2021	2020
Long-term prepaid expenses	₩ 48,995	₩ 76,674
Other investment assets	11,421	12,988
	₩ 60,416	₩ 89,662

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17. Borrowings and bonds

Details of bonds and borrowings as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		2020	
	Current	Non-current	Current	Non-current
Short term borrowings	₩ 935,363	₩ -	₩ 951,202	₩ -
Bonds and long-term borrowings:				
Bonds	549,661	1,565,615	564,234	1,117,943
Long-term Borrowings	264,567	374,582	222,104	462,996
	<u>814,228</u>	<u>1,940,197</u>	<u>786,338</u>	<u>1,580,939</u>
	₩ 1,749,591	₩ 1,940,197	₩ 1,737,540	₩ 1,580,939

Short term borrowings (including current portion) as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Portion	Yearly interest rate (%)	2021	2020
Commercial paper	1.23 ~ 2.35	₩ 100,000	₩ 240,000
General borrowings	1.02 ~ 4.50	168,056	139,493
Banker's usance	Libor + 0.30, etc.	615,219	431,352
Discounts of notes receivable	Libor + 0.70, etc.	52,088	140,357
		<u>₩ 935,363</u>	<u>₩ 951,202</u>

The details of long-term borrowings as of December 31, 2021 and 2020 are as follows (Korean won in millions):

Portion	Yearly interest rate (%)	2021	2020
General borrowings	1.02 ~ 3.15	₩ 580,816	₩ 560,100
Borrowings for facility investment	2.75	58,333	125,000
		639,149	685,100
Less: current portion of borrowings		(264,567)	(222,104)
		<u>₩ 374,582</u>	<u>₩ 462,996</u>

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17. Borrowings and bonds (cont'd)

Bonds (including current portion) as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

Issuance number	Issue date	Maturity date	Yearly interest rate	2021	2020
178-3rd	2014-10-30	2021-10-30	-	₩ -	₩ 150,000
179-3rd	2015-04-29	2022-04-29	2.67%	100,000	100,000
180-2nd	2016-04-20	2021-04-20	-	-	80,000
181-1st	2018-04-18	2021-04-18	-	-	160,000
181-2nd	2018-04-18	2023-04-18	2.93%	140,000	140,000
182-1st	2019-04-19	2022-04-19	1.95%	90,000	90,000
182-2nd	2019-04-19	2024-04-19	2.09%	200,000	200,000
182-3rd	2019-04-19	2026-04-19	2.28%	110,000	110,000
183-1st	2021-04-19	2024-04-19	1.54%	170,000	-
183-2nd	2021-04-19	2026-04-19	1.97%	150,000	-
183-3rd	2021-04-19	2028-04-19	2.23%	80,000	-
2nd Unguaranteed bond	2018-04-04	2021-04-02	-	-	70,000
3rd Unguaranteed bond	2019-03-05	2022-03-04	2.27%	90,000	90,000
4th Unguaranteed bond	2020-03-05	2023-03-03	1.57%	120,000	120,000
5th Unguaranteed bond	2021-03-08	2024-03-08	1.52%	150,000	-
37-2nd Unguaranteed bond	2018-02-05	2021-02-05	-	-	45,000
38-2nd Unguaranteed bond	2018-04-13	2021-04-13	-	-	30,000
41 Unguaranteed bond	2018-08-23	2021-08-23	-	-	30,000
43 Unguaranteed bond	2019-05-03	2022-05-03	2.08%	150,000	150,000
44 Unguaranteed bond	2019-10-25	2022-10-25	1.96%	120,000	120,000
45-1st Unguaranteed bond	2021-02-04	2024-02-04	1.45%	202,000	-
45-2nd Unguaranteed bond	2021-02-04	2026-02-04	1.88%	98,000	-
46-1st Unguaranteed bond	2021-09-14	2023-09-14	1.89%	60,000	-
46-2nd Unguaranteed bond	2021-09-14	2024-09-14	2.06%	90,000	-
				2,120,000	1,685,000
Less: present value discount				(4,724)	(2,823)
Less: current portion				(549,661)	(564,234)
				₩ 1,565,615	₩ 1,117,943

18. Other current liabilities

Other current liabilities as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

	2021	2020
Advances received	₩ 46,165	₩ 31,562
Unearned revenue	3,163	1,619
Withholdings	21,950	22,571
VAT withheld	14,890	51,076
Current portion of contract liabilities	43,007	32,318
Refund liability	16,484	97
	₩ 145,659	₩ 139,243

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19. Derivative instruments

Derivative instruments held for sale or hedge as of December 31, 2021 are summarized as follows:

Purpose	Hedging item	Contract description
For trading	Foreign currency forwards	A foreign currency contract to buy or sell a foreign currency at a fixed rate for delivery on a specified future date or period.
Cash flow hedges	Interest rate swaps	Contracts to avoid cash flow risk on variable interest rate borrowings

Details of derivative financial instruments as of December 31, 2021 and 2020 are as follows (Foreign currencies in thousands, Korean won in millions):

				2021				
Hedging item	Number of contracts	Contract date	Maturity date	Contract exchange rate / interest rate	Buy		Sell	
					Currency	Amount	Currency	Amount
Foreign currency forwards	17	2022-11-19 etc	2022-02-03 etc	1.1255 ~ 1.2241	USD	72,597	EUR	60,352
		2021-07-07 etc	2022-01-10 etc	1,133.50 ~ 1,204.00				
	131	2021-10-25 etc	2022-03-29 etc	1.1268 ~ 1.1725	EUR	78,836	USD	90,046
		2021-12-28 etc	2022-01-11 etc	1.3444 ~ 1.3506				
	32	2021-12-22 etc	2022-01-21 etc	1,182.79 ~ 1,190.25	KRW	74,750	USD	62,949
		2	2019-01-02	2023-07-03				
	Interest rate swaps	1	2019-09-27	2022-09-27	2.72%	KRW	15,000	KRW
1		2020-03-31	2025-04-01	2.29%	KRW	28,000	KRW	28,000

				2020					
Hedging item	Number of contracts	Contract date	Maturity date	Contract exchange rate / interest rate	Buy		Sell		
					Currency	Amount	Currency	Amount	
Foreign currency forwards	29	2020-10-16 etc	2021-01-05 etc	6.5211 ~ 6.7802	CNY	50,649	USD	7,642	
		2020-10-06 etc	2021-01-15 etc	6.6724 ~ 6.7690					
	3	2020-09-07 etc	2021-01-11 etc	1.1062 ~ 1.14	EUR	24,901	USD	29,720	
		2020-10-19 etc	2021-01-15 etc	1.1324 ~ 1.2345					
	43	2020-11-10	2021-01-29	103.58	JPY	180,368	EUR	149,609	
		2020-10-22 etc	2021-01-29 etc	103.97 ~ 104.64					
	3	2020-12-09 etc	2021-01-29 etc	0.7453 ~ 0.7616	AUD	537	USD	407	
		4	2020-09-10 etc	2021-01-29 etc					0.7039 ~ 0.7319
	4	2020-10-28 etc	2021-01-05 etc	1.3045 ~ 1.3574	GBP	484	USD	634	
		3	2020-11-12 etc	2021-01-29 etc					1.3219 ~ 1.3361
	2	2020-12-28	2021-01-04	7.7496	HKD	1,582	USD	204	
		1	2020-10-16 etc	2021-01-11 etc					1,085.25 ~ 1,203.6
	Interest rate swaps	66	2018-10-26	2021-10-26	2.875%	KRW	462,318	KRW	527,192
		1	2018-10-30	2021-10-30	2.875%	KRW	30,000	KRW	30,000
		1	2017-03-29	2021-10-04	2.640%	KRW	20,000	KRW	20,000
1		2019-01-02	2023-07-03	2.750%	KRW	100,000	KRW	100,000	
1		2019-12-27	2021-09-17	3.290%	KRW	100,000	KRW	100,000	
1		2019-09-27	2022-09-27	2.720%	KRW	2,083	KRW	2,083	
1		2020-03-31	2025-04-01	2.290%	KRW	30,000	KRW	30,000	
1					KRW	36,000	KRW	36,000	

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19. Derivative instruments (cont'd)

Details of gain (loss) on valuation of derivatives (before tax effect) for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

Hedging item	Gain or Loss	Gain (loss) on valuation		In the consolidated statements of comprehensive income
		2021	2020	
Foreign currency forwards	Gain	₩ 11,057	₩ 1,418	Profit or loss
	Loss	(2,757)	(30,648)	Profit or loss
Foreign currency swaps	Gain	212	-	Profit or loss
Interest rate swaps	Loss	-	(216)	Profit or loss
				Other comprehensive income
Foreign currency swaps	Gain	-	283	Other comprehensive income
Interest rate swaps	Gain	2,550	-	Other comprehensive income
	Loss	-	(472)	Other comprehensive income

The ineffectiveness of hedge accounting can arise from:

- Difference in the cash flow of the hedged item and the hedging instrument
- The various indices (and hence the other curves) associated with the risk averse item and the risk of the hedging instrument
- The credit risk of the counterparty has a different effect from the hedging instrument and the change in the fair value of the hedged item
- Changes in the expected cash flow amounts of the hedged items and the hedging instrument

Changes in the future cash flows of the Group and its hedging instruments and targets as of December 31, 2021 (Foreign currencies in thousands, Korean won in millions):

	Expiration					
	Within 3 months	3-6 months	6-9 months	9-12 months	Over 12 months	Total
Interest rate swap:						
The nominal amount	₩ 558	₩ 489	₩ 425	₩ 353	₩ 952	₩ 2,777
Average interest rate	2.52%	2.52%	2.52%	2.52%	2.52%	

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19. Derivative instruments (cont'd)

The effect of hedging instruments on the consolidated statement of financial position as of December 31, 2021 is as follows (Korean won in millions)

	The nominal amount	Derivative financial assets	Derivative financial liabilities	Used for ineffectiveness measurement of changes in fair value
Interest rate swap	₩ 2,777	₩ 264	₩ (236)	₩ 2,550

The effects of the hedged items on the consolidated statement of financial position as of December 31, 2021 are as follows (Korean won in millions):

	Changes in fair value used for ineffectiveness measurement	Cash flow hedge
Long-term borrowings	₩ 2,550	₩ 2,550

The effect of cash flow hedge on the consolidated statement of comprehensive income for the year ended December 31, 2021 is as follows (Korean won in millions):

	Other comprehensive income	Ineffective part	Amount reclassified in profit or loss	Account subject
Currency swap and interest-rate swap	₩ 2,550	₩ -	₩ -	Loss and gain on transaction of derivatives

20. Net defined benefit liabilities

Net defined benefit liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Present value of defined benefit obligations	₩ 211,735	₩ 209,112
Fair value of plan assets (*1)	(176,544)	(153,696)
	₩ 35,191	₩ 55,416

(*1) Some segments of the Group obtained ₩5,627 million of excess accumulation. Because the Group did not have any rights or intention to settle the defined benefit obligations of other plans with the amount of excess accumulation, it was presented as other non-current assets without offsetting.

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20. Net defined benefit liabilities (cont'd)

Changes in net defined benefit liabilities for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		
	Present value of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 209,112	₩ (153,696)	₩ 55,416
Retirement benefits:			
Current service costs	27,427	-	27,427
Net interest expenses (income)	5,312	(4,046)	1,266
	<u>32,739</u>	<u>(4,046)</u>	<u>28,693</u>
Remeasurements			
Return on plan assets (excluding amounts included in interest expense)	-	1,344	1,344
Changes in demographic assumptions	345	-	345
Changes in financial assumptions	(12,290)	-	(12,290)
Experience adjustments	6,606	-	6,606
	<u>(5,339)</u>	<u>1,344</u>	<u>(3,995)</u>
Contributions by employer directly to plan assets	-	(32,310)	(32,310)
Benefits paid	(26,112)	20,731	(5,381)
Others	1,335	(8,567)	(7,232)
Ending balance	<u>₩ 211,735</u>	<u>₩ (176,544)</u>	<u>₩ 35,191</u>
	2020		
	Present value of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 195,143	₩ (131,273)	₩ 63,870
Retirement benefits:			
Current service costs	27,988	-	27,988
Net interest expenses (income)	4,603	(2,858)	1,745
	<u>32,591</u>	<u>(2,858)</u>	<u>29,733</u>
Remeasurements			
Return on plan assets (excluding amounts included in interest expense)	-	734	734
Changes in demographic assumptions	2,640	-	2,640
Changes in financial assumptions	1,624	-	1,624
Experience adjustments	(5,426)	-	(5,426)
	<u>(1,162)</u>	<u>734</u>	<u>(428)</u>
Contributions by employer directly to plan assets	-	(42,800)	(42,800)
Benefits paid	(17,894)	28,932	11,038
Others	434	(6,431)	(5,997)
Ending balance	<u>₩ 209,112</u>	<u>₩ (153,696)</u>	<u>₩ 55,416</u>

SK Networks Co., Ltd. and its subsidiaries
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December 31, 2021 and 2020

20. Net defined benefit liabilities (cont'd)

Details of plan assets as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Deposits and others	₩ 176,544	₩ 153,696

Principal actuarial assumptions as of December 31, 2021 and 2020 are as follows:

	2021	2020
Discount rates	2.50% ~ 3.58%	1.87% ~ 2.84%
Future salary increasing rates	2.50% ~ 5.51%	2.50% ~ 5.90%

The sensitivity analysis for the significant actuarial assumptions as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		
	Effect on defined benefit obligations		
	Fluctuations of assumption	Effect of assumption's increase	Effect of assumption's decrease
Discount rates	0.50% point	₩ (8,082)	₩ 9,539
Future salary increase rates	0.50% point	9,612	(8,955)
	2020		
	Effect on defined benefit obligations		
	Fluctuations of assumption	Effect of assumption's increase	Effect of assumption's decrease
Discount rates	0.50% point	₩ (8,366)	₩ 9,010
Future salary increasing rates	0.50% point	9,038	(8,467)

As of December 31, 2021, ₩5,470 million of long-term employee benefits liabilities (2020: ₩5,069 million) is classified as other non-current liabilities in the consolidated statement of financial position.

21. Provisions

For products sold, the Group estimates the best approximation of future loss of economic benefits that will arise during the warranty period based on the past experience and records the amount as provision for product warranty. The Group also records the best estimates of payment required to settle the obligation resulting from legal disputes, for which an unfavorable outcome is probable, as other provisions.

Changes in provisions for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021							
	Beginning balance	Increase	Utilized	Reversal	Changes in exchange rates	Ending balance	Current	Non-current
Provision for product-warranty	₩ 2,302	₩ -	₩ -	₩ (75)	₩ -	₩ 2,227	₩ 2,227	₩ -
Others	7,775	10,135	(5,488)	(1,498)	115	11,039	5,545	5,494
	₩ 10,077	₩ 10,135	₩ (5,488)	₩ (1,573)	₩ 115	₩ 13,266	₩ 7,772	₩ 5,494

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21. Provisions (cont'd)

	2020									
	Beginning balance	Increase	Utilized	Reversal	Transfer(*)	Changes in exchange rates	Ending balance	Current	Non-current	
Provision for product-warranty	₩ 2,027	₩ 275	₩ -	₩ -	₩ -	₩ -	₩ 2,302	₩ 2,302	₩ -	
Others	34,883	14,319	(27,133)	(6,777)	(7,675)	158	7,775	6,008	1,767	
	₩ 36,910	₩ 14,594	₩ (27,133)	₩ (6,777)	₩ (7,675)	₩ 158	₩ 10,077	₩ 8,310	₩ 1,767	

22. Other non-current liabilities

Other non-current liabilities as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions):

	2021	2020
Unearned income	₩ 972	₩ 13,234
Other long-term employee liabilities	5,470	5,069
	₩ 6,442	₩ 18,303

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23. Commitments and contingencies

Details of the agreements with the financial institutions as of December 31, 2021 are as follows (Korean won in millions and foreign currency in thousands):

Providers	Description	Currency	Commitment Limit
Hana Bank	KRW Limit Loan, etc.	KRW	247,500
	Foreign currency limits, etc.	USD	326,000
Nonghyup Bank	KRW Limit Loan, etc.	KRW	50,000
	Integrated Foreign Exchange Credit	USD	33,000
Standard chartered First Bank	KRW Limit Loan, etc.	KRW	30,000
	Foreign currency limits, etc.	USD	40,000
Shinhan Bank	KRW Limit Loan, etc.	KRW	131,000
	Payment guarantee, etc.	USD	213,000
Kookmin Bank	Trade Finance KRW Limit Loan	KRW	121,944
	Foreign Exchange Integration Limit	USD	300,000
Woori Bank	General loan, etc.	KRW	55,240
	Trade Finance Limit, etc.	USD	125,000
Industrial and Commercial Bank of China	KRW Limit Loan	KRW	30,000
Bank of Communications	KRW Limit Loan	KRW	30,000
Bank of China	General loan	KRW	100,000
	Comprehensive trade finance limit	USD	35,000
China Everbright Bank	General loan	KRW	40,000
Industrial Bank of Korea	Comprehensive Export-Import Finance	USD	110,000
MIZUHO Bank	Foreign currency purchase, Usance	USD	60,000
Societe Generale	Purchase of export draft	USD	20,000
DGB Daegu Bank	Foreign Exchange Limit Registration	USD	20,000
Korea Development Bank	General loan, etc.	KRW	170,000
	Foreign currency due date domestic credit	USD	150,000
Korea Eximbank	Export factoring	EUR	35,000
Suhyup Bank	Foreign currency limits	USD	15,000
J.P.Morgan of Korea	Usance	USD	5,000
Deutsche Bank	Sale of export bonds	USD	100,000
Hankook capital	General loan	KRW	50,000
KB Kookmin Card	General loan	KRW	100,000
Woori Card	General loan	KRW	90,000
Sunny financial group 10th Co.,Ltd.	General loan	KRW	30,000
Stiger 8th Co.,Ltd.	General loan	KRW	50,000
Woori SKR 1st Co.,Ltd.	General loan	KRW	40,000
GIB Mobility 1st Co.,Ltd.	General loan	KRW	30,000

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23. Commitments and contingencies (cont'd)

The notes and checks as collateral for borrowings and commitments as of December 31, 2021 are as follows.

	Providers	Quantity	Description
Notes	UBAF Seoul, SK Telecom Co. and etc.	3	Collateral for commitment and loans
Check	Korea Resources Corporation	2	Financing for overseas resources development

Except for three notes provided to UBAF Seoul and one other party amounting to ₩992 million, all the others are blank notes and blank checks.

The Group is involved in 23 litigations as a plaintiff with claims aggregating to ₩6,222 million and 56 litigations as a defendant with claims aggregating to ₩6,594 million as of December 31, 2021. No provision was recorded in connection with the litigations where the Group is a defendant as management cannot reasonably predict as at year end whether an unfavorable outcome is probable or not.

The following assets were pledged as collateral for the Group's borrowings and bonds payable as of December 31, 2021 (Korean won in millions):

Assets as collateral	Carrying amount	Collateralized amount	Mortgage holder
Land, building and others	₩ 448,942	₩ 570,679	Korea Development Bank
	26,579	1,154	Handsoem Corporation
	29,825	37,300	Shinhan Bank
	8,292	4,680	KookMin Bank
	54,879	74,752	Bank of China
	205,330	222,933	Sunny financial group 10th Co.,Ltd. and Others
	₩ 773,847	₩ 911,498	

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23. Commitments and contingencies (cont'd)

Guarantees provided by third parties on behalf of the Group as of December 31, 2021 are as follows (Korean won in millions):

Trading partner	Currency	Guarantee amount	Guarantor
Microsoft Korea and etc.	KRW	3,200	Hana Bank
Dongdaemoon Hotel PFV. Co., Ltd. and etc.	KRW	56,409	Seoul Guarantee Insurance Company
Deutsche Bank	KRW	6,693	Korea Trade Insurance Corporation.
Samsung Co., Ltd. and etc	KRW	241	Machinery Financial Cooperative

24. Equity

Details of capital stock as of December 31, 2021 and 2020 are summarized as follows (Korean won in millions, except number of shares and par value):

	2021	2020
Number of shares authorized	1,500,000,000	1,500,000,000
Par value per share	₩ 2,500	₩ 2,500
Number of shares issued	248,301,295	248,301,295
Ordinary share	248,187,647	248,187,647
Preferred share without voting rights	113,648	113,648
Capital stock		
Ordinary share	₩ 620,469	₩ 620,469
Preferred share without voting rights	284	284
Cumulative redeemable preferred share (*)	27,901	27,901
	₩ 648,654	₩ 648,654

(*) Redeemable preferred share paid-in capital exists, but no redeemable preferred share exists as of December 31, 2021, as all redeemable preferred share were retired by charging unappropriated retained earnings.

Details of capital surplus as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Share premium	₩ 89,053	₩ 89,053
Other capital surplus	652,279	659,827
	₩ 741,332	₩ 748,880

Details of retained earnings as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Legal reserve	₩ 38,833	₩ 36,849
Voluntary reserve	80,617	80,617
Unappropriated retained earnings	777,895	701,569
	₩ 897,345	₩ 819,035

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24. Equity (cont'd)

Details of dividends proposed for approval at the annual ordinary shareholders' meeting for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions except for number of shares and par value per share):

	2021		2020	
	Ordinary share	Preferred share	Ordinary share	Preferred share
Number of shares	218,554,682	69,785	218,554,682	69,785
Par value per share	₩ 2,500	₩ 2,500	₩ 2,500	₩ 2,500
Dividends ratio	4.8%	5.8%	4.8%	5.8%
Total dividends	26,227	10	26,227	10

Details of other components of equity as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		2020	
Gain(Loss) on valuation of financial assets at fair value through OCI	₩	54,790	₩	12,819
Negative capital change in equity method investments		(216)		(1,108)
Gain(Loss) on valuation of derivatives instruments		515		(1,327)
Gain(Loss) on translation of foreign operations		27,637		3,723
Treasury stock		(169,558)		(169,558)
Stock option		1,672		728
Others		(3,674)		(3,674)
	₩	(88,834)	₩	(158,397)

In accordance with the special resolution of the General Meeting of Shareholders and the resolution of the Board of Directors, the Parent company grants stock options to employees of the Parent company.

	1-1	1-2	1-3	2-1	2-2
Grant date		2018-03-30		2021-03-29	
Types of shares to issue	Registered common stock				
How to grant	If the exercise price of the stock option is less than the fair value of the shares (the valuation based on the date the company receives the 'notice of events'), the company will pay the difference in cash or the amount equivalent to the difference Stocks can be issued.				
Number of shares granted	391,525	391,525	391,525	1,641,619	108,882
Event Price	₩ 5,900	₩ 6,380	₩ 6,890	₩ 5,559	₩ 5,559
Available period	2020.03.31~2023.03.30	2021.03.31~2024.03.30	2022.03.31~2025.03.30	2024.03.30~2028.03.29	2023.03.30~2026.03.29
Vest condition	From grant date more than two years of service	From grant date more than two years of service	From grant date more than three years of service	From grant date more than two years of service	From grant date more than two years of service

The compensation costs recognized as a result of the grant of stock options and remaining compensation costs to be recognized after the end of the period are as follows:

	2021	
Total compensation cost	₩	3,215
Recognized compensation cost before the beginning of 2021		728
Recognized compensation cost for the year end 2021		944
Compensation cost to recognize after the end of the period		1,543

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24. Equity (cont'd)

The compensation cost of stock options is calculated applying the fair value approach using the binomial model. The assumptions and variables used to estimate compensation cost are as follows:

	1-1	1-2	1-3	2-1	2-2
Risk-free interest rate	2.44%	2.54%	2.56%	1.82%	1.56%
Expectancy duration	5	6	7	7	5
Stock price of expectation grant day (full-day closing price)	₩ 5,790	₩ 5,790	₩ 5,790	₩ 5,580	₩ 5,580
Expected volatility	15.40%	15.40%	15.40%	28.00%	28.00%
Dividend yield	2.07%	2.07%	2.07%	2.15%	2.15%
Event price	₩ 5,900	₩ 6,380	₩ 6,890	₩ 5,559	₩ 5,559
Fair value per share	₩ 723.37	₩ 631.87	₩ 552.13	₩ 1,422.14	₩ 1,229.40

25. Profit (loss) from continuing operations

Information for each category of revenue recognized in contracts with customers for each reporting segment of the Group is as follows (Korean won in millions):

	2021							Consolidation adjustments	Total
	Global	IM	Rent-a-car	Speedmate	SK Magic	Others			
Gross turnover	₩ 2,830,620	₩ 5,285,692	₩ 1,585,726	₩ 442,280	₩ 1,153,755	₩ 162,756	₩ (442,689)	₩ 11,018,140	
1.Revenue recognized in the contract with the customer	2,828,858	5,284,160	479,340	441,658	388,491	132,152	(420,384)	9,134,275	
1)Classification by type of goods or service:									
Product (buy for sell) sales	2,653,743	5,131,090	453,181	347,871	316	-	(281,011)	8,305,190	
Product sales	166,980	23	-	-	311,602	-	(16,806)	461,799	
Service sales	5,548	151,087	26,159	93,787	74,484	132,152	(118,027)	365,190	
Other sales	2,587	1,960	-	-	2,089	-	(4,540)	2,096	
	<u>2,828,858</u>	<u>5,284,160</u>	<u>479,340</u>	<u>441,658</u>	<u>388,491</u>	<u>132,152</u>	<u>(420,384)</u>	<u>9,134,275</u>	
2)Classification by revenue recognition period:									
Recognition at a point in time	2,823,310	5,133,073	453,181	347,871	314,007	-	(302,357)	8,769,085	
Recognition over time	5,548	151,087	26,159	93,787	74,484	132,152	(118,027)	365,190	
	<u>2,828,858</u>	<u>5,284,160</u>	<u>479,340</u>	<u>441,658</u>	<u>388,491</u>	<u>132,152</u>	<u>(420,384)</u>	<u>9,134,275</u>	
2.Revenues from other sources	1,762	1,532	1,106,386	622	765,264	30,604	(22,305)	1,883,865	

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25. Profit (loss) from continuing operations (cont'd)

	2020							Consolidation adjustments	Total
	Global	IM	Rent-a-car	Speedmate	SK Magic	Others			
Gross turnover	₩ 2,842,761	₩ 5,195,973	₩ 1,561,665	₩ 415,086	₩ 1,092,257	₩ 191,233	₩ (673,069)	₩ 10,625,906	
1.Revenue recognized in the contract with the customer	2,841,313	5,193,518	532,179	414,626	395,815	161,065	(670,932)	8,867,584	
1)Classification by type of goods or service:									
Product (buy for sell) sales	2,655,338	5,010,285	465,952	322,381	536	-	(502,006)	7,952,486	
Product sales	171,852	37,043	-	-	323,589	-	(14,421)	518,063	
Service sales	9,954	146,190	66,227	92,245	69,827	161,065	(150,945)	394,563	
Other sales	4,169	-	-	-	1,863	-	(3,560)	2,472	
	<u>2,841,313</u>	<u>5,193,518</u>	<u>532,179</u>	<u>414,626</u>	<u>395,815</u>	<u>161,065</u>	<u>(670,932)</u>	<u>8,867,584</u>	
2)Classification by revenue recognition period:									
Recognition at a point in time	2,831,359	5,047,328	465,952	322,381	325,988	-	(519,987)	8,473,021	
Recognition over time	9,954	146,190	66,227	92,245	69,827	161,065	(150,945)	394,563	
	<u>2,841,313</u>	<u>5,193,518</u>	<u>532,179</u>	<u>414,626</u>	<u>395,815</u>	<u>161,065</u>	<u>(670,932)</u>	<u>8,867,584</u>	
2.Revenues from other sources	1,448	2,455	1,029,486	460	696,442	30,168	(2,137)	1,758,322	

Details of cost of sales for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Cost of merchandise sold	₩ 8,051,947	₩ 7,741,722
Cost of finished goods sold	810,149	778,959
Other cost of sales	1,019,836	1,026,833
	<u>₩ 9,881,932</u>	<u>₩ 9,547,514</u>

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25. Profit (loss) from continuing operations (cont'd)

Details of selling and administrative expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Salaries	₩ 249,227	₩ 257,145
Retirement benefits	29,896	30,571
Employee welfare	62,704	56,469
Travel	2,127	2,720
Communications	8,695	7,137
Utilities	12,530	12,654
Taxes and dues	25,012	24,732
Supplies	15,090	13,927
Rents	11,444	7,991
Depreciation	59,379	56,578
Amortization	21,969	18,451
Depreciation of right-of-use assets	39,841	26,779
Repairs	4,479	2,461
Vehicles maintenance	3,132	2,940
Insurance premium	13,153	9,837
Advertising	81,758	69,254
Training	9,733	9,187
Engineering service fee	89,146	85,031
Commissions	169,300	152,971
Freight	50,470	50,175
Allowance for doubtful accounts	16,744	24,480
Foreign branch office operations	4,030	3,663
Entertainment	4,822	4,974
Stock compensation costs	944	138
Others	28,605	24,178
	<u>₩ 1,014,230</u>	<u>₩ 954,443</u>

Details of finance income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Interest income	₩ 15,579	₩ 10,033
Gain on foreign currency transactions	34,549	65,845
Gain on foreign currency translation	11,872	39,615
Gain on disposal of financial assets at fair value through profit or loss	2,607	5
Gain on valuation of financial assets at fair value through profit or loss	113	8
Gain on valuation of derivative financial instruments	11,269	1,418
Gain on transactions of derivative financial instruments	111,461	84,463
	<u>₩ 187,450</u>	<u>₩ 201,387</u>

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25. Profit (loss) from continuing operations (cont'd)

Details of finance costs for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Interest expense	₩ 105,835	₩ 114,424
Loss on foreign currency transactions	72,432	68,991
Loss on foreign currency translation	31,393	17,531
Loss on valuation of financial assets at fair value through profit or loss	513	424
Loss on valuation of derivative financial instruments	2,757	30,864
Loss on transactions of derivative financial instruments	54,304	77,307
	<u>₩ 267,234</u>	<u>₩ 309,541</u>

Details of other non-operating income for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Dividend income	₩ 1,106	₩ 66
Gain on disposal of property, plant and equipment	18,994	1,828
Gain on disposal of intangible assets	1,391	-
Gain on disposal of non-current assets held for sale	45,007	-
Gain on disposal of investment properties	13,204	190
Gain on disposal of trade receivables	4,908	-
Gains on disposal of Investments in subsidiaries, associates and joint ventures	67	111,546
Others	18,052	21,662
	<u>₩ 102,729</u>	<u>₩ 135,292</u>

Details of other non-operating expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Loss on disposal of trade receivables	₩ 2,464	₩ 4,415
Loss on disposal of property, plant and equipment	3,995	4,539
Impairment loss on property, plant and equipment	8,559	12,570
Loss on disposal of intangible assets	1,549	513
Impairment loss on intangible assets	63	3,891
Loss on disposal of non-current assets held for sale	3,660	-
Depreciation of investment properties	652	252
Others	16,839	16,934
	<u>₩ 37,781</u>	<u>₩ 43,114</u>

Details of classification based on the nature of cost of sales and selling, general and administrative expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Changes in finished goods and work-in-progress	₩ (8,163)	₩ (4,522)
Changes in merchandise	147,020	179,679
Purchase of merchandise	7,904,927	7,562,043
Salaries (including service costs for defined benefit plans and other employee benefits)	427,932	445,806
Depreciation and amortization	850,518	821,269
Freight	50,470	50,175
Advertising	81,758	69,254
Others	1,441,700	1,378,253
	<u>₩ 10,896,162</u>	<u>₩ 10,501,957</u>

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26. Income taxes

The component of income tax expense (benefit) for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Current income tax	₩ 44,481	₩ 72,196
Adjustments in respect of current income tax of prior year	(3,664)	1,023
Changes in deferred taxes arising from temporary differences	41,733	41,414
Income tax expense charged directly to equity	(20,067)	(13,383)
Income tax expenses (benefit):	₩ 62,483	₩ 101,250
Income tax expenses on continued operations	45,695	85,475
Income tax expenses on discontinued operations	16,788	15,775

Income tax expense charged (credited) directly to equity for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Remeasurement of net defined benefit liabilities	₩ (610)	₩ (171)
Loss (Gain) on valuation of financial assets at FVOCI	(13,399)	(3,640)
Loss (Gain) on valuation of derivative financial instruments	(607)	41
Gain on translation of operations	(5,192)	(11,961)
Others	(259)	2,348
	₩ (20,067)	₩ (13,383)

A reconciliation of income before income tax at the Korea statutory tax rate to income tax expense (benefit) at the effective income tax rate of the Group for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Net income before income tax from continuing operations	₩ 107,133	₩ 107,329
Net loss before income tax of discontinued operations	58,890	35,974
Net income (loss) before income tax	166,023	143,303
Taxes at the statutory tax rate (24.2%)	40,178	34,679
Adjustments:		
Permanent differences	2,028	3,374
Adjustments in respect of current income tax of prior year	1	1,970
Deferred tax not recognized	9,597	50,983
Others (tax rate changes)	10,679	10,244
Income tax expense (benefit)	₩ 62,483	₩ 101,250
Income tax expense of continuing operations	45,695	85,475
Income tax expense of discontinued operations	16,788	15,775
Effective income tax rate	37.64%	70.65%

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26. Income taxes (cont'd)

Changes in deferred tax assets (liabilities) for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021			
	Beginning balance	Net income (loss)	Other comprehensive income (loss)	Ending balance
Temporary differences	₩ (46,004)	₩ 7,249	₩ (20,067)	₩ (58,822)
Tax loss carryforward	77,720	(28,915)	-	48,805
Total:	<u>₩ 31,716</u>	<u>₩ (21,666)</u>	<u>₩ (20,067)</u>	<u>₩ (10,017)</u>
Deferred tax assets (*)	102,995			60,889
Deferred tax liabilities (*)	(71,279)			(70,906)

(*) The Group offsets a deferred tax asset against a deferred tax liability of the same taxable entity if, and only if, they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to offset current tax assets against current tax liabilities.

	2020				
	Beginning balance	Changes in the scope of consolidation	Net income (loss)	Other comprehensive income (loss)	Ending balance
Temporary differences	₩ (109,426)	₩ 13,437	₩ 63,368	₩ (13,383)	₩ (46,004)
Tax loss carryforward	171,586	(2,467)	(91,399)	-	77,720
Total:	<u>₩ 62,160</u>	<u>₩ 10,970</u>	<u>₩ (28,031)</u>	<u>₩ (13,383)</u>	<u>₩ 31,716</u>
Deferred tax assets (*)	147,766				102,995
Deferred tax liabilities (*)	(85,606)				(71,279)

(*) The Group offsets a deferred tax asset against a deferred tax liability of the same taxable entity if, and only if, they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to offset current tax assets against current tax liabilities.

The amount of deferred tax assets and liabilities which are not recognized as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Deferred tax assets:		
Investments in associates and joint ventures	₩ 15,622	₩ 11,110
Tax loss carryforwards and tax credits	61,000	51,000
Deferred tax liabilities:		
Investments in associates and joint ventures	59,112	51,172

Unused deficits that are not recognized as deferred tax assets as of December 31, 2021 are as follows (Korean won in millions):

	Deficits	
Expire during 2026	₩	219,550
Expire during 2028		32,516
	<u>₩</u>	<u>252,066</u>

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27. Earnings (loss) per share

Basic earnings per share attributable to ordinary share for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions except for shares):

	2021	2020
Profit for the year attributable to owners of the parent	₩ 98,672	₩ 34,495
Less: Profit for the year attributable to preferred stock	10	10
Profit for the year attributable to ordinary equity holders of the parent	98,662	34,485
Weighted average number of ordinary shares outstanding	218,554,682	224,762,671
Basic earnings per share for ordinary equity holders of the parent	451	153

The calculation basis of weighted average number of ordinary share outstanding for the purpose of calculating EPS is as follows (shares):

	2021	2020
Weighted average number of issued share outstanding	₩ 248,187,647	₩ 248,187,647
Weighted average number of treasury share outstanding	(29,632,965)	(23,424,976)
Weighted average number of ordinary share outstanding	218,554,682	224,762,671

Basic earnings per ordinary share from continuing operations for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions except for shares):

	2021	2020
Profit for the year attributable to owners of the parent	₩ 98,672	₩ 34,495
Less: Profit from discontinued operations attributable to equity holders of the parent	43,097	21,134
Profit from continuing operations attributable to ordinary equity holders of the parent	55,575	13,361
Less: Profit from continuing operations for the year attributable to preferred share	10	10
Profit from continuing operations attributable to ordinary equity holders of the parent	55,565	13,351
Weighted average number of ordinary share outstanding	218,554,682	224,762,671
Basic earnings per share from continuing operations for ordinary equity holders of the parent	254	59

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27. Earnings (loss) per share (cont'd)

Basic loss per ordinary share from discontinued operations for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions except for shares):

	2021	2020
Loss from discontinued operations attributable to owners of the parent	₩ 43,097	₩ 21,134
Weighted average number of ordinary share outstanding	218,554,682	224,762,671
Basic loss per share from discontinued operations for ordinary equity holders of the parent	₩ 197	₩ 94

Diluted earnings per share for the year ended December 31, 2021 and 2020 are the same as basic earnings per share because there is no dilution effect of dilutive potential common stock.

28. Related party transactions

The related parties of the Group for the year ended December 31, 2020 are as follows:

	Group
Ultimate parent	SK Holdings Co., Ltd.
Associates and joint ventures	SK MENA Investment BV, SK Latin America Investment S.A
Others	SK Group affiliates etc.
Large company group affiliates (*)	SK Discovery Co., Ltd., SK Chemical Co., Ltd., SK Gas Co., Ltd., SK Syntec Co., Ltd., ENTIS Co., Ltd., Initz Co., Ltd., SK Advanced Co., Ltd., Dangjin Eco Power Co., Ltd., SK D&D CO.,LTD. B&M Development Co., Ltd., SK Plasma Co.,Ltd., etc.

(*) Although, these companies are not designated as related parties as defined in paragraph 9 of KIFRS 1024, they are classified as related parties based on the resolution made by the Securities and Futures Commission that conglomerate affiliates designated by the Fair Trade Commission are related parties based on the substance of relation as regulated by paragraph 10 of KIFRS 1024.

The Group belongs to the SK group as of the end of the current term, a large business group defined under the Monopoly Regulation and Fair Trade Act. As a result, the scope of related parties is also included in the case of companies belonging to large business groups other than the top-level parent, parent, subsidiary, and affiliates.

Significant transactions with related parties for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

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28. Related party transactions (cont'd)

All transactions between the Group and subsidiaries are eliminated in the preparation of the consolidated financial statements of the Group. Significant transactions in 2021 and 2020 between the Group and related parties other than subsidiaries are as follows.

Relationship	Name	2021			
		Sales and others	Purchases	Acquisition of PP&E	Others
Ultimate parent	SK Holdings Co., Ltd. (*1)	₩ 6,228	₩ -	₩ -	₩ 94,746
Others	SK Innovation Co., Ltd.	6,300	-	-	2,262
	SK Lubricants Co., Ltd.	464	10,309	-	-
	SK Energy Co., Ltd.	4,679	63,973	-	552
	SK Geocentric Co., Ltd. (formerly, SK Global Chemicals Co., Ltd.)	61,785	2,447	-	-
	SK Trading International Co. Ltd.	11,167	-	-	-
	SKC Ltd.	18,049	244	-	39
	Mitsui Chemicals & SKC Polyurethanes	90	5,981	-	-
	KUMHO MITSUI CHEMICALS, INC.	91	37,344	-	-
	SK picglobal Co., Ltd.	3,361	49,523	-	3
	SK Shieldus Co., Ltd. (formerly, SK Infosec Co., Ltd.)	11,792	8,809	-	3,146
	HAPPYNARAE Co., Ltd.	418	3,116	2,284	4,453
	SK Telecom Co., Ltd.	56,346	-	-	7,707
	SK Telink Co., Ltd.	4,616	4,495	-	28
	SK Broadband Co., Ltd.	55,810	-	-	1,690
	PS&Marketing Corp.	1,009,878	593	-	-
	SK Hynix Inc.	8,031	-	-	-
	SK hystec Inc.	8,767	-	-	-
	Home & Service Co., Ltd.	7,450	-	-	5,678
	SK m&service Co., Ltd.	1,712	1,790	-	4,709
	SK ecoplant Co., Ltd. (formerly, SK E&C Co., Ltd.)	8,569	-	-	-
	SK Chemicals Co., Ltd.	35,837	8,666	-	-
	SK D&D Co., Ltd. (*2)	90,095	-	-	-
	SK China Investment Management Company Limited (*3)	16,863	-	-	-
	Others	22,006	1,074	131	3,330

(*1) Others include ₩11,657 million of dividends paid by the Parent.

(*2) Sales and others include ₩90,050 million from the disposal of Property, plant and equipment.

(*3) Sales and others include the disposal value of Dandong SK Networks Logistics Co., Ltd.

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28. Related party transactions (cont'd)

Relationship	Name	2020			
		Sales and others	Purchases	Acquisition of PP&E	Others
Ultimate parent	SK Holdings Co., Ltd. (*1)	₩ 7,805	₩ 14	₩ -	₩ 92,956
Others	SK Innovation Co., Ltd.	9,380	-	-	2,121
	SK Lubricants Co., Ltd.	765	9,542	-	-
	SK Energy Co., Ltd.	9,823	323,765	689	676
	SK Geocentric Co., Ltd. (formerly, SK Global Chemicals Co., Ltd.)	44,294	7,272	-	-
	SK Trading International Co. Ltd.	10,119	-	-	-
	Hweechan Co., Ltd. (*2)	302,904	-	-	46
	SKC Ltd.	15,605	3,694	-	9
	SK picglobal Co., Ltd.	1,625	24,642	-	-
	SK Shieldus Co., Ltd. (formerly, SK Infosec Co., Ltd.)	1,145	5,257	-	-
	HAPPYNARAE Co., Ltd.	239	4,215	2,098	4,314
	SK Telecom Co., Ltd.	59,513	71	-	4,240
	SK Telink Co., Ltd. (*3)	4,130	4,001	5	4,525
	SK Broadband Co., Ltd.	56,415	-	-	1,620
	PS&Marketing Corp.	973,341	1,339	-	-
	SK O&S Co., Ltd.	5,411	-	-	-
	SK hystec INC.	8,496	-	-	-
	Life & Security Holdings Co., Ltd.	9,313	75	-	3,290
	SK Hynix Inc.	13,914	-	-	-
	Home & Service Co., Ltd.	8,487	-	-	5,700
	SK Chemicals Co., Ltd.	25,214	1,694	-	-
	Mitsui Chemicals & SKC Polyurethanes	246	7,489	-	-
	KUMHO MITSUI CHEMICALS, INC.	79	14,825	-	-
	Others	25,340	288	236	8,887

(*1) Others include ₩11,657 million of dividends paid by the Parent.

(*2) Sales and others include the disposal value of SK Pinx Co., Ltd.

(*3) Other purchases include the acquisition price of new subsidiary, MINTIT VINA, and the used phone business unit.

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28. Related party transactions (cont'd)

All balances between the Group and subsidiaries are eliminated in the preparation of the consolidated financial statements of the Group. Balances as of December 31, 2021 and 2020 arising from such transactions between the Group and related parties other than subsidiaries are as follows (Korean won in millions):

Relationship	Name	2021					
		Receivables		Payables			
		Trade receivables	Others	Trade payables	Other accounts payable	Others	
Ultimate parent	SK Holdings Co., Ltd.	₩ 739	₩ 1	₩ 7,132	₩ -	₩ -	-
Others	SK Lubricants Co., Ltd.	55	10	2,830	-	-	-
	SK Energy Co., Ltd.	493	256	10,343	56	-	-
	SK Geocentric Co., Ltd. (formerly, SK Global Chemicals Co., Ltd.)	4,939	-	100	-	-	-
	SKC Ltd.	1,583	-	16	-	-	-
	KUMHO MITSUI CHEMICALS, INC.	3	-	-	-	-	-
	SK picglobal Co., Ltd.	313	-	1,459	-	-	-
	SK Telecom Co., Ltd.	8,765	187	903	17,856	108	-
	SK Telink Co., Ltd.	6	-	76	48	-	-
	SK Broadband Co., Ltd.	2,128	9	8	2	-	-
	PS&Marketing Corp.	160,517	-	61	-	-	-
	SK Chemicals Co., Ltd.	15,135	325	-	-	-	969
	Others	8,240	286	4,156	270	201	-

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28. Related party transactions (cont'd)

Relationship	Name	2020					
		Receivables		Payables			
		Trade receivables	Others	Trade payables	Other accounts payable	Others	
Ultimate parent	SK Holdings Co., Ltd.	₩ 745	₩ 20	₩ 2,196	₩ -	₩ 15,146	
Others	SK Innovation Co., Ltd.	361	13	536	351	-	-
	SK Lubricants Co., Ltd.	31	13	2,722	-	-	-
	SK Energy Co., Ltd.	535	439	4,010	48	-	-
	SK Geocentric Co., Ltd. (formerly, SK Global Chemicals Co., Ltd.)	4,200	-	67	-	-	-
	SK Trading International Co., Ltd.	1,246	-	-	-	-	-
	SKC Ltd.	1,862	1	24	-	-	-
	SK picglobal Co., Ltd.	219	-	902	-	-	-
	SK Shieldus Co., Ltd. (formerly, SK Infosec Co., Ltd.)	4	-	1,400	-	-	-
	HAPPYNARAE Co., Ltd.	24	3	905	-	-	-
	SK Telecom Co., Ltd.	7,663	31	1,030	-	-	113
	SK Telink Co., Ltd.	7	-	387	-	-	-
	SK Broadband Co., Ltd.	2,372	4	30	-	-	-
	PS&Marketing Corp.	91,655	-	91	-	-	-
	SK O&S Co., Ltd.	452	-	-	-	-	-
	Life & Security Holdings Co., Ltd.	1,262	15	709	-	-	-
	SK hystec INC.	755	73	-	-	-	-
	Home & Service Co., Ltd.	773	-	562	-	-	-
	SK Hynix INC.	1,168	-	-	-	-	-
	SK Chemicals Co., Ltd.	9,394	-	275	-	-	-
	Mitsui Chemicals & SKC Polyurethanes	-	-	604	-	-	-
	KUMHO MITSUI CHEMICALS, INC.	5	-	1,735	-	-	-
Others	3,490	241	630	97	161		

Key management personnel are standing directors who are responsible for the planning, operation and control of the business of the Group. Compensation for key management personnel recognized in expenses for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Salaries	₩ 4,732	₩ 8,413
Retirement benefits	1,508	1,496
	₩ 6,240	₩ 9,909

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28. Related party transactions (cont'd)

Financial transactions with related parties for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

		2021			
Relationship	Name	Loan	Repayment		
Others	SK Global Chemical International Trading (Shanghai) Co., Ltd.	5,491		5,491	

		2020			
Relationship	Name	Loan	Repayment	Borrowing	Collect
Others	SK Global Chemical International Trading (Shanghai) Co., Ltd.	850	850	3,393	3,393

Guarantees for the related parties provided by the Group as of December 31, 2021 and 2020 are as follows (foreign currencies in thousands):

Relationship	Name	Currency	2021	2020
Others	P.T. SK Networks Indonesia	USD	-	1,500

29. Discontinued operations

The Group has discontinued a non-core business activity and the Group decided to discontinue the operation of resource business prior to 2020. Furthermore, the Group decided to discontinue MOST business division and sold directly for the year ended 2019.

The Group has classified the assets and liabilities relating to the business that is expected to be sold as non-current assets and liabilities held-for-sale. The Group has recognized loss considering the recoverable amount as of December 31, 2021.

Income and expenses from the discontinued operation for the years ended December 31, 2021 and 2020 are as follows (in millions of Korean won):

	2021		2020	
Revenue	₩	126,881	₩	549,118
Expenses		(67,991)		(513,145)
Gain (Loss) before tax		58,890		35,974
Income tax expense (benefit)		(16,788)		(15,775)
Gain (Loss) from discontinued operations		42,102		20,199
Owners of the parent		43,097		21,134
Non-controlling interests		(995)		(935)

Details of cash flows relating to discontinued operation for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021		2020	
Operating activities	₩	(9,697)	₩	(137,529)
Investing activities (*1)		94,495		1,334,494
Financing activities		5,277		(41,437)
Net cash flows		90,075		1,155,528

(*1) The consideration transferred of petroleum business division of ₩ 1,271,467 million are included.

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30. Non-current assets held for sale

Non-current assets held for sale and assets and liabilities related to non-current assets held for sale as of December 31, 2021 are as follows (Korean won in millions):

	Assets	Liabilities
China Business Division	₩ 89,769	₩ 21,689
Resources business	17,467	11,987
	<u>₩ 107,236</u>	<u>₩ 33,676</u>

Details of non-current assets and non-current liabilities classified as held for sale related discontinued business as of December 31, 2020 are as follows (Korean won in millions):

	2021
Assets	
Cash and cash equivalents	₩ 32,572
Short-term financial instruments	5,016
Trade receivables	1,697
Other financial assets (current)	1,393
Inventories	2,429
Other current assets	11
Other financial assets (non-current)	1,415
Property, plant and equipment	43,272
Right-of-use assets	129
Other non-current assets	17,927
Deferred tax assets	1,375
	<u>₩ 107,236</u>
Liabilities	
Trade payables	9,946
Lease liabilities	131
Short-term borrowings	10,247
Other financial liabilities (current)	2,856
Other current liabilities	3,486
Other financial liabilities (non-current)	3
Current tax liabilities	37
Provisions	3,802
Other non-current liabilities	1,152
Deferred tax liabilities	2,016
	<u>₩ 33,676</u>

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31. Cash flow information

31.1 Adjustments relating to non-cash items (Korean won in millions)

	2021	2020
Income tax expense	₩ 62,483	₩ 101,250
Loss on foreign currency translation	31,448	17,531
Gain on foreign currency translation	(11,872)	(39,615)
Interest expenses	114,652	144,391
Interest income	(46,897)	(16,442)
Loss on valuation of derivative financial instruments	2,757	30,892
Gain on valuation of derivative financial instruments	(11,269)	(1,418)
Dividend income	(1,106)	(66)
Depreciation	513,683	495,352
Depreciation of right-of-use assets	313,227	305,061
Amortization	23,608	20,856
Depreciation of investment properties	652	252
Retirement benefits	28,693	29,733
Allowance for doubtful accounts	16,744	24,570
Loss on disposal of property, plant and equipment	25,584	30,734
Gain on disposal of property, plant and equipment	(18,995)	(5,324)
Impairment loss on property, plant and equipment	8,559	22,620
Loss on disposal of intangible assets	1,549	1,081
Gain on disposal of intangible assets	(1,391)	-
Impairment loss on intangible assets	63	6,788
Gain on disposal of investment properties	(13,204)	(190)
Gain on disposal of right-of-use assets	(2,095)	(242)
Loss on disposal of non-current assets held for sale	7,439	49,862
Gain on disposal of non-current assets held for sale	(46,949)	-
Impairment loss on non-current assets held for sale	12,850	9,890
Loss on valuation of inventories	(15,441)	9,541
Loss on investment in associates	9	644
Stock compensation costs	944	138
Provisions	6,945	7,444
Gain on business transfer	-	(166,438)
Gain on disposal of financial assets at fair value through profit or loss	(2,607)	(5)
Loss on valuation of financial assets at fair value through profit or loss	513	424
Gain on valuation of financial assets at fair value through profit or loss	(113)	(8)
Loss on disposal of Investments in subsidiaries, associates and joint ventures	-	221
Gain on disposal of Investments in subsidiaries, associates and joint ventures	(67)	(111,546)
Others	(67,578)	(23,151)
	<u>₩ 932,818</u>	<u>₩ 944,830</u>

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31.2 Changes in operating assets and liabilities (Korean won in millions)

	2021	2020
Trade receivables and lease receivables	₩ (248,533)	₩ 31,601
Other accounts receivable	(9,773)	52,728
Accrued income	2,851	1,141
Prepaid value added tax	(34,601)	44,056
Advanced payments	17,681	(31,003)
Prepaid expenses	23,290	(88)
Inventories	340,604	454,420
Rental property	(798,385)	(728,979)
Trade payables	246,867	(687,898)
Long-term trade payables	-	1,679
Advances received	31,713	(1,404)
Withholdings	(3,147)	(91)
Unearned income	219	(4,889)
Other accounts payable	(9,379)	(49,311)
Accrued expenses	(4,787)	(14,154)
Deposits received	38,878	19,530
Provisions	(5,488)	(27,133)
Other current liabilities	9,189	3,062
Other non-current liabilities	(8)	-
Plan assets	(11,579)	(13,868)
Payment of severance benefits retirement	(26,112)	(17,894)
Others	2,601	(1,427)
	<u>₩ (437,899)</u>	<u>₩ (969,922)</u>

Significant non-cash transactions for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Transfer from rental property and others to inventories	₩ 163,212	₩ 302,125
Other account payables related acquisition of property, plant and equipment and others	12,839	12,821
Other account receivables related to disposal of property, plant and equipment and others	1,699	11,003
Transfer from construction-in-progress to property, plant and equipment	101,680	48,251
Transfers from long-term borrowings and bonds to current portion	600,803	809,608
Transfers from assets held for sale	-	107,402

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31. Cash flow information (cont'd)

Significant changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021				
	Beginning balance	Financing activities	Exchange rate fluctuation	Others(*)	Ending balance
Short-term borrowings	₩ 951,202	₩ (27,719)	₩ 20,775	₩ (8,895)	₩ 935,363
Current portion of long-term liabilities	786,338	(790,336)	-	818,226	814,228
Bonds	1,117,943	995,814	-	(548,142)	1,565,615
Long-term borrowings	462,996	-	-	(88,414)	374,582
Lease liabilities	1,420,014	(318,675)	-	265,086	1,366,425

(*) Includes increase or decrease due to business combination, recognition of right-of-use assets, transfer to/from current portion, reclassification to assets held for sale.

	2020				
	Beginning balance	Financing activities	Exchange rate fluctuation	Others(*)	Ending balance
Short-term borrowings	₩ 934,803	₩ 689	₩ (25,045)	₩ 40,755	₩ 951,202
Current portion of long-term liabilities	805,478	(832,863)	-	813,723	786,338
Bonds	1,562,672	119,469	-	(564,198)	1,117,943
Long-term borrowings	420,134	289,987	-	(247,125)	462,996
Lease liabilities	1,511,854	(307,575)	-	215,735	1,420,014

(*) Includes increase or decrease due to business combination, recognition of right-of-use assets, transfer to/from current portion, reclassification to assets held for sale.

32. Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, bonds payable, trade and other accounts payable. The main purpose of these financial liabilities is to finance the Group's operations. Also the Group has various financial assets including trade accounts and notes receivable and other accounts receivable that are directly derived from its operations.

The Group is exposed to market risk, credit risk and liquidity risk and the Group's key management oversees the management of these risks. The Group's key management is responsible for the Group's financial risk-taking activities, and that such activities are governed by appropriate policies and procedures.

32.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise three types of risk: interest rate risk, foreign currency risk and other price risk.

32.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings with the foreign currency swap and interest rate swap contracts. The Group does not believe that the fluctuation in market interest rate other than those mentioned above has a material impact on its consolidated financial statements.

32.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating in other countries. The Group manages its foreign currency risk periodically. Especially, the Group entered into currency forward contracts and currency interest rate swaps to hedge the risks from changes in foreign currency.

Significant monetary assets and liabilities denominated in foreign currencies as of December 31, 2021 and 2020 are as follows (Foreign currencies in thousands, Korean won in millions):

Classification	Currency unit	2021		2020	
		Foreign currency	Equivalent Korean won	Foreign currency	Equivalent Korean won
Foreign financial assets	USD	183,343	₩ 217,353	193,015	₩ 210,000
	EUR	53,394	71,672	77,936	104,298
	JPY	524,174	5,400	-	-
	CNY	159,712	29,748	186,159	31,081
	Others		1,225		1,555
			<u>₩ 325,398</u>		<u>₩ 346,934</u>
Foreign financial liabilities	USD	835,890	990,948	661,756	719,991
	EUR	35,461	47,600	56,013	74,960
	JPY	129,454	1,334	28,300	298
	CNY	75,424	14,048	99,996	16,695
	Others		4,057		717
			<u>₩ 1,057,987</u>		<u>₩ 812,661</u>

32.1.2 Foreign currency risk (cont'd)

The effects of a 10% fluctuation in foreign exchange rates on the Group's functional currency on profit for the years ended December 31, 2021 and 2020 are as follow (Korean won in millions):

	2021		2020	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) in profit before income tax	₩ (73,259)	₩ 73,259	₩ (46,573)	₩ 46,573

The above table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant as at the reporting date. There have been no changes in the sensitivity analysis from the previous year. The Group's financial assets and financial liabilities denominated in foreign currencies that are exposed to foreign currency risk can be offset by the foreign currency volatility effect on operating profit. Accordingly, foreign currency risk is determined to be properly managed.

32.1.3 Other price risk

Other price risk is the risk that the fair value or cash flows of financial instrument will fluctuate because of changes in market price other than interest rate risk and foreign currency risk. The Group's marketable equity securities among available-for-sale financial assets are susceptible to market price risk as those are traded in an active market. The Group does not believe that the fluctuation in price of equity instruments other than those mentioned above has material impact on other comprehensive income.

32.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, or customer contract, leading to a financial loss of the Group.

32.2.1 Trade and other accounts receivable

The Group enters into transactions only with customers that are credit worthy. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and credit quality may be adjusted to reflect the appropriate appetite of credit risk in accordance with the Group's risk management policies. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets.

An impairment analysis is performed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables is grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

32.2.2 Other financial assets

Credit risks associated with the Group's other assets which consist of short-term and long-term financial instruments arise from the default by the counterparties. Maximum exposure to credit risks will be the carrying amount of the other assets. The Group deposits its surplus funds in the financial institutions whose credit ratings are high and therefore credit risk related to financial institutions is considered low.

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32.2.3 Exposure to credit risk

The maximum exposure to credit risk as of December 31, 2021 and 2020 is as follows (Korean won in millions):

	2021		
	Carrying amount before deduction	Accumulated impairment loss	Carrying amount (maximum exposure amount)
Financial assets at fair value through profit or loss	₩ 145,287	₩ -	₩ 145,287
Financial assets at fair value through OCI	169,477	-	169,477
Financial assets at amortized cost	2,980,340	(228,966)	2,751,374
Financial assets designated as hedge item	264	-	264
	<u>₩ 3,295,368</u>	<u>₩ (228,966)</u>	<u>₩ 3,066,402</u>

	2020		
	Carrying amount before deduction	Accumulated impairment loss	Carrying amount (maximum exposure amount)
Financial assets at fair value through profit or loss	₩ 199,366	₩ -	₩ 199,366
Financial assets at fair value through OCI	73,741	-	73,741
Financial assets at amortized cost	2,107,121	(167,455)	1,939,666
	<u>₩ 2,380,228</u>	<u>₩ (167,455)</u>	<u>₩ 2,212,773</u>

32.3 Liquidity risk

Liquidity risk refers to the risk that the Group may default on the contractual obligations that become due. The Group manages its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and bonds payable. The maturity profile of the Group's borrowings and bonds payable among financial liabilities as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021					
	Carrying amount	Contractual cash flows	~ 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years
Non-derivative financial liabilities:						
Trade payables	₩ 1,118,978	₩ 1,118,978	₩ 1,075,897	₩ 43,081	₩ -	₩ -
Interest-bearing loans and borrowings	1,574,512	1,603,276	433,491	782,916	384,793	2,076
Bonds	2,115,276	2,207,643	98,322	484,110	1,542,530	82,681
Lease liabilities	1,366,425	1,366,425	115,725	434,343	744,225	72,132
Other financial liabilities	506,580	506,580	102,969	159,705	234,995	8,911
	<u>6,681,771</u>	<u>6,802,902</u>	<u>1,826,404</u>	<u>1,904,155</u>	<u>2,906,543</u>	<u>165,800</u>
Derivative financial liabilities:						
Foreign currency forward	2,537	2,537	1,684	853	-	-
Interest rate swaps	236	236	-	-	236	-
	<u>2,773</u>	<u>2,773</u>	<u>1,684</u>	<u>853</u>	<u>236</u>	<u>-</u>
	<u>₩ 6,684,544</u>	<u>₩ 6,805,675</u>	<u>₩ 1,828,088</u>	<u>₩ 1,905,008</u>	<u>₩ 2,906,779</u>	<u>₩ 165,800</u>

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32.3 Liquidity risk (cont'd)

	2020					
	Carrying amount	Contractual cash flows	~ 3 months	3 months ~ 1 year	1 year ~ 5 years	Over 5 years
Non-derivative financial liabilities:						
Trade payables	₩ 899,212	₩ 899,212	₩ 802,545	₩ 95,955	₩ 712	₩ -
Interest-bearing loans and borrowings	1,636,302	1,665,376	350,283	838,021	474,580	2,492
Bonds	1,682,177	1,756,504	55,340	544,402	1,045,511	111,251
Lease liabilities	1,420,014	1,420,014	132,352	421,854	831,727	34,081
Other financial liabilities	484,379	484,379	213,005	62,221	201,336	7,817
	<u>6,122,084</u>	<u>6,225,485</u>	<u>1,553,525</u>	<u>1,962,453</u>	<u>2,553,866</u>	<u>155,641</u>
Derivative financial liabilities:						
Foreign currency forward	29,201	29,201	22,797	6,404	-	-
Interest rate swaps	2,723	2,723	-	1,167	1,556	-
	<u>31,924</u>	<u>31,924</u>	<u>22,797</u>	<u>7,571</u>	<u>1,556</u>	<u>-</u>
	<u>₩ 6,154,008</u>	<u>₩ 6,257,409</u>	<u>₩ 1,576,322</u>	<u>₩ 1,970,024</u>	<u>₩ 2,555,422</u>	<u>₩ 155,641</u>

Approximately 47.42% of the Group's debt will mature in less than one year as of December 31, 2021 (2020: 52.36%) based on the carrying amount of bonds and borrowings reflected in the consolidated financial statements. The Group assessed the risk of financing as a controllable level in consideration of the scale of borrowings and cash and cash equivalent owned by the Group as of December 31, 2021.

32.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the year ended December 31, 2021.

Debt to equity ratio as of December 31, 2021 and 2020 are as follows (Korean won in millions):

	2021	2020
Debt	₩ 7,021,921	₩ 6,528,232
Equity	2,388,995	2,245,250
Debt to equity ratio	293.93%	290.76%